

Liberal plan to force wider tax cuts puts Labour strategy at risk

Disappointed with the Chancellor's Budget to reduce the income tax rate and at the narrowness of the tax band, Mr David Steel, the Liberal leader, told the Commons yesterday. His party would cost its proposals and then table Finance Bill amendments on at least one of those issues. The decision, our Parliamentary Correspondent writes, puts the Chancellor's strategy at risk.

Tories likely to back amendments

Correspondent

As yesterday's pre-Budget statement was being made, the Liberal Party's strategy was clear. It was to challenge the Chancellor's Budget, which might lead to a defeat during the passage of the Finance Bill.

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rate of income tax. But Mr Steel indicated that in general the Budget was not all that displeasing to his party and that on most of the Chancellor's proposals the Government would have Liberal support.

He pointed out that the incentive effect of only a couple of pounds extra in the pocket was not going to be marked enough to give the psychological stimulus that the Liberals considered to be necessary.

He said that if the economy was to be set right it was not the economy that needed stimulating but the people who made it up and made it work.

There was a grave risk that if the Chancellor returned to the discredited nostrum that deficit financing created jobs he would

create not more jobs but a resurgence of inflation.

Without saying how the Conservatives would do it, Sir Geoffrey told MPs that the country needed a changed tax environment. There was no room, he said, for an increase in public spending if they were to get the tax burden changed.

What was needed was a substantial reduction in the basic rate of tax to at least the level at which the last Conservative government left it.

Sir Geoffrey's speech was bitterly attacked by Mr Joel Barnett, who told the House when he opened for the Government that he did not see a single constructive comment throughout.

Mr Barnett said that the Government was determined to do all in its power, including legislation, to end the near fraudulent tax avoidance schemes that are costing the country hundreds of millions of pounds a year.

Our Political Editor writes: Liberal MPs decided at a meeting held last night after Mr Steel's Commons speech to emphasize that they were serious

about forcing further income tax cuts even if it meant the end of the pact with Labour and a precipitate election.

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Many policemen in York (above) are to patrol the streets on bicycles instead of panda cars in an attempt to gain closer ties with the public. The force has also set up a community involvement section to meet the people.

Mr Vance stakes all on Africa trip

From David Cross, Washington, April 12

Mr Cyrus Vance, the Secretary of State, was leaving Washington tonight for Africa for what is widely seen here as a last attempt to resolve the Rhodesian conflict without more bloodshed.

Accompanied by Mr Andrew Young, the United States representative at the United Nations, he will join Dr David Owen, the British Foreign Secretary, in Dar es Salaam for talks on Friday with leaders of the Patriotic Front and representatives of the so-called Frontline states.

The intention then is to move on to Salisbury for discussions with Mr Smith, the Rhodesian Prime Minister, and the moderate black leaders who are now members of the country's new multiracial Executive Council. The hope is that all these deliberations will result in a conference of all the parties to resolve the dispute.

Few commentators in Washington have any optimism that the deal which is being sought by the Secretary of State, but on this trip expectations are so low, and the criticism of the Carter Administration's diplomacy is so intense that any success that Mr Vance achieves would be a boost for the beleaguered Administration.

Even some officials within the Administration are unhappy that Mr Vance is willing to risk his reputation by venturing on a mission which seems almost certain to end in failure. Some believe he is going to Africa only at Mr Carter's insistence in the wake of the President's recent visit to Nigeria.

The Secretary of State's plans after Africa remain vague but he is likely to travel on to Moscow for talks about strategic arms limitations and other arms control measures.

Arab force rains fire on Christian Beirut

From David Watts, Beirut, April 12

Tanks and multiple rocket launchers of the Syrian-dominated Arab peacekeeping force poured fire into the Christian Aïn Rummaneh sector of Beirut as the fourth day of fighting in the city threatened to become a serious confrontation between the Christians and the Syrians.

After a meeting with President Sarkis, Christian military leaders called on their men to cease firing, for the second time in 24 hours, except in extreme cases of self-defence. The President saw the military commanders of the Phalangists and their right-wing National Liberal Party allies, Mr Bashir Chamoun, and Mr Dany Chamoun.

The fresh outbreak of heavy fighting brought appeals for blood donations from the Christian half of Beirut and reports that a hospital had collapsed under the barrage of rockets from the peacekeeping force. A spokesman for the forces dismissed the report of the wrecked hospital as a rumour, and there was no immediate confirmation of it.

Heavy reinforcements of the peacekeeping force were moved into the Aïn Rummaneh area on Monday, and today they attempted to isolate the Christian area. The fighting broke out on Sunday with sniping between the Muslim Shiyahs and the Christians across the "green line" which has separated the two sides since the civil war three years ago.

So far there is no evidence of Palestinian involvement in the present fighting, and they have said they have no intention of becoming involved.

Meanwhile, the state radio described the partial Israeli withdrawal from southern Lebanon as a "very limited and insignificant move", noting that the Israelis were consolidating positions to strengthen their control.

Huge Soviet Embassy plan opposed

By John Young, Planning Reporter

Sir Brandon Rhys Williams, Conservative MP for Kensington, has asked for a meeting with Dr David Owen, the Foreign Secretary, to discuss plans for a huge Soviet Embassy complex in London.

Proposals for buildings on two sites, in Kensington Palace Gardens and on land occupied by a former army barracks, became known in May, 1976. No details have been made public. Both the Foreign and Commonwealth Office and the Soviet Embassy said yesterday that the project was still under discussion.

However, Sir Brandon claims to have seen detailed plans on several occasions at the offices of a London firm of architects, Mayell Hart & Partners. On the most recent occasion, January 13 this year, he says, he was accompanied by a Foreign Office official.

Since that meeting Sir Brandon has passed on the main details to the Kensington Society, a residents' association, with a warning that, failing prompt objections, it might be too late to halt the scheme.

The society has called a public meeting next Tuesday evening in Kensington Town Hall. An all-party group of speakers included Sir Mafy Crofton, former Conservative leader of Kensington and Chelsea council, and Mr Norman Howard, former Labour chairman of the Greater London Council planning committee.

According to the society a tower block is proposed on the barracks site, with accommodation for 60 flats, a school, gymnasium, swimming pool, sauna and theatre. The site

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Healey hints at a summer Budget

Field

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Unions reject a rigid norm for pay rises

By Paul Routledge, Labour Editor

In a considered judgment on the Budget, trade union leaders yesterday rejected any rigid norm for pay rises next year, but left the door open for an informal arrangement allowing free but "reasonable" wage bargaining.

When the TUC economic committee meets the Chancellor soon it will press for increased public spending to provide more jobs and offer a favourable climate on pay claims in the run-up to the general election.

Mr Len Murray, general secretary of the TUC, said after the committee meeting yesterday: "On pay, we are not talking numbers. We are not interested in talking numbers with the Chancellor."

Based on a 14 per cent return to free collective bargaining in the bargaining season, it is thought that the Treasury would like to see increases in pay of no more than 7 per cent from July 31, when phase three of the Government's income policy expires.

Many weeks of delicate negotiations are ahead, with the TUC looking for increased public spending in the health service, education and the construction industry during the parliamentary passage of the Finance Bill.

The Government over the past few years.

Mr Murray said the economic committee had generally welcomed the Budget as going in the direction the TUC had wanted. "But we should have liked the Chancellor to go further. It does not appear to us that the Budget will have a significant effect on the level of unemployment in the coming months."

The committee further recognized that the Chancellor's measures were the first contribution to a combined Western strategy for economic revival. Union leaders will now seek something much closer to their original demand for a further £2,000m a year public spending.

The TUC's position on pay was quite clear: an orderly return to free collective bargaining. That principle was reaffirmed by the economic committee yesterday in response to a letter from Mr Jack Jones, then general secretary of the Transport and General Workers' Union. He had called on the TUC to reassert its opposition to another formal agreement on income restraint.

The overall impression left by the deliberations is that the unions will exercise a restraining influence over the conduct of negotiations next winter, particularly if the Government makes further concessions on public spending, but only if a formula can be found that does not tie them too closely to the Government's cost-tails.

Rail union chiefs agree to 10 pc pay deal

Railway union leaders reached agreement last night on a 10 per cent pay deal with British Rail. They said they would recommend acceptance of the deal, which will cost £57m, to their executive. The previous offer had been 9.6 per cent.

Little movement was made on a productivity deal. The pay deal, which is within the Government's guidelines, is for 140,000 of British Rail's 240,000 employees. It should come into operation from April 24.

Mr Alan Rees, president of the National Union of Railwaymen, said: "I am pretty sure all three trade unions will accept it."

The NUR, the Associated Society of Locomotive Engineers and Firemen and the Transport and General Workers' Association will meet British Rail again today over the pay-train guards.

Northampton contains the solution

The Rockware Group has expanded dramatically, diversifying its interests into many areas of the packaging market.

The glass company in particular has developed from a small family business to become Britain's leading glass manufacturer supplying the requirements of around one third of the UK market.

When the time came to relocate its head office, Rockware Glass Ltd considered possible areas all over the country. The ideal location would ensure manufacturing services were within easy reach of the northern factories, whilst the marketing and sales divisions could service customer requirements in the south, easily and effectively.

Northampton was the obvious choice. Its central location and the provision of a wide range of housing for sale and for rent plus all the facilities which can only be offered by a well established town, are just some of the many advantages Northampton can provide. There are substantial savings to be made too. Firms relocating from Central London can save up to 70% of their expenditure on rent and rates alone.

For further details phone 0604 34734 or write to: L. Austin-Crowe, Chief Estate Surveyor, Northampton Development Corporation, 2-3 Market Square, Northampton NN1 2EN

Thatcher over grant curbs

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Aid for societies

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Legal look at Spillers

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China sends in boats

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Open hearings opposed

Senior civil servants connected with the Commons Public Accounts Committee were opposed to the decision to open its hearings to the press and public. They thought witnesses might not be as forthcoming when giving evidence and that its proceedings would be sensationalized.

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Hope of Moro clue

Italian police, who freed a 16-year-old girl and a wealthy builder from kidnappers, are hoping that a left-wing terrorist, wounded in a Turin gun battle, may give them a lead to the kidnappers of Signor Aldo Moro, the former Prime Minister.

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Football results

W Bromwich 2, Newcastle 0
Leeds 2, Derby 0
Sheff Wed 2, Millwall 1
Sheff Wed 3, Oxford 1
Dumbarton 2, Dundee 1
Brechin 3, Falkirk 1
Raith 2, Albion 0
Hibernian 1, Celtic 1
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Letters: On handicapped children, from the Secretary of State for Social Services; on the money supply, from Professor L. S. Pressnell, and others.
Leading articles: Inflation in the United States; Russian Embassy in Kensington; County cricketers and Mr Packer.
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Paul Ovey on Veronese's The Family of Darius before Alexander at the National Gallery; Stanley Reynolds on Armchair Thriller (Times).
Books, page 16
Michael Ratcliffe reviews *Rad Gold*, by John Hemming; Sir William Haley reviews two books on Charles Dickens; Jeremy Lewis on new fiction.
Obituary, page 20
Mr Peter Myers, Mr Gilbert Edgar.

Features, pages 6, 18

Ronald Butt on the budget: An evaluation of Signor Aldo Moro's political career; Reginald Maudling on immigration.
Sport, pages 8 and 9
John Woodcock on need for compromise at today's players meeting.
Business News, pages 26-34
Stock markets: Share prices dropped on further consideration of the Budget proposals and the FT Index lost 10.2 to close at 460.2. Gilt met with heavy selling on fears of higher interest rates.
Business features: Derek Harris looks at the Swedish example of fair trading policy.
Business Diary: Arabs can now afford to buy back carpets carried off by generations of westerners.

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HOME NEWS

Short-term payments to jobless and sick to be 4½% lower than long-term benefits

By Pat Healy
Social Services Correspondent

Short-term social security benefits, including unemployment, sickness and supplementary benefits, are to rise by 7 per cent in November, Mr David Ennals, Secretary of State for Social Services, announced in Commons yesterday.

The increases, which will add £1.05 to the standard rates of sickness and unemployment benefit for single people, are 4½ per cent below the increases for pension and other long-term benefits announced in the Budget.

The lower increases for short-term benefits reverse the action of Mrs Barbara Castle, Mr Ennals's predecessor, in trying to close the gap between pension and other benefits.

First, the Government is obliged to increase short-term benefits by the level of price increases, which is predicted to be about 7 per cent in November, when the new rates will be paid. Second, Mr Ennals said that his priority in using any extra money was to improve child benefits.

Ministers are nevertheless worried about the effects of the widening gap between short-term and long-term benefits, particularly in relation to the long-term unemployed.

They lose entitlement to national insurance unemployment benefit after one year out of work, and cannot under present law qualify for the higher long-term rate of supplementary benefit.

Recent evidence has shown convincingly that the families of the long-term unemployed are the poorest group on supplementary benefit, with virtually no reserves of savings to call on.

Mr Frank Field, director of the Child Poverty Action Group, greeted the news with disbelief yesterday. Even if the Chancellor's forecast that price inflation would be down to 7 per cent by November proved correct, he said, the average increase since the last benefit increase would be higher.

"The Government now has three choices", Mr Field said. "It can either introduce amending legislation to free itself from its own commitment to protect the poor on benefit, or it can introduce a second round of increases when its forecast proves wrong."

"The third option is to face court action from claimants who will argue that the Government has not fulfilled the obligation to protect their benefits against inflation."

Another unexpected effect of the lower increases in short-term benefits is that about 93,000 one-parent families will receive less than the full £5 child benefit for their first child. That will happen because the new rate for a child aged under five on supplementary benefit is to rise in November to £4.40.

One-parent families will have the difference of 60p a week deducted from their supplementary benefits. Those on national insurance benefits, such as unemployment benefit, sickness and maternity benefits, will be able to choose between their child benefit of £5 for the first child and the new rate for children on those benefits of £1.85 a week. They will be encouraged by social security officials to claim child benefit instead.

Mr Paul Lewis, director of the National Council for One Parent Families, yesterday accused the Government of meanness and pointed out that it would be saving only £3m by denying the full rate of child benefit to these children. "This is particularly sad in a week when so much extra is being given to some one-parent families through the increased premium of £2 for their first children", he said.

Mr Ennals's announcement confirmed that the £2 premium will continue in April, 1979, when the child-benefit rate will rise to £4 for all other children. A one-parent family will then be able to claim a total of £10 a week for two children.

Widows, who cannot claim the premium for one-parent families, will be entitled to £18.70 for two children in November, when their personal pensions go up from £17.50 to £19.50 a week. That total is made up of £6 in child benefits, plus £12.70 in additions to their pensions for their children.

The total cost of the new social security rates announced yesterday will be about £1,300m in a full year, plus £500m for the April, 1979, increase in child benefit.

The package includes the first increase in the value of graduated pensions, which will rise by 3.6 per cent in November. The earnings rule limit under which pensioners' pensions reduced if they earn more than £40 a week will rise from £100 to £110 a week.

The long-term rate for supplementary benefits will rise by 11 per cent in November, and the ordinary rate by 7 per cent, in line with the increases in national insurance benefits. Both heating and dietary

allowances paid to some people drawing supplementary benefits will also rise by between 5p and 15p a week. The highest heating allowance rate, paid to severely disabled and usually bedridden people needing exceptional heating, will rise from £2.40 to £2.55 a week.

Mobility allowance, which will rise from £7 a week to £10 in July, will not be rising again in November but it will be increased the following year in line with prices. The other main disability benefits, including war pensions and non-contributory invalidity pensions, will rise by about 11 per cent.

£17m school milk: Mr Shirley Williams, Secretary of State for Education and Science, welcoming the provision of free school milk to all children up to the age of 11, said yesterday that that would cost about £17m, of which £7m would come from the EEC subsidy (a Staff Reporter writes).

She emphasized that local authorities were not required to provide free milk but she hoped that all would do so.

The sum of £40m allocated by the Chancellor for capital expenditure on the construction of schools and colleges is simply to cover a higher rate of inflation than forecast, Mrs Williams said.

It will enable school building projects which have been started to be completed without a loss that would have to be met from other parts of the education budget, but it does not represent a new building programme.

Mrs Williams said that £2.5m made available in the Budget for training teachers would be used to cover for the second year in succession special one-year courses for the training of teachers in subjects for which there is a shortage: mathematics, science and crafts. At present there are 900 teachers on such courses.

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INCREASED BENEFIT RATES

	Proposed weekly	Existing
Standard invalidity, widows' & retired pensioners, widowed mothers' allowance	15.50	14.50
Single person	11.70	10.50
Wife or other adult dep	15.50	14.50
Unemployment and sickness benefit: Single person	15.75	14.70
Wife or other adult dep	8.75	8.10
Maternity allow	15.75	14.70
Invalidity allow payable with invalidity pension, when incapacity began before age: 45	4.15	3.70
45-60	2.80	2.30
60-65	1.30	1.15
65-70	1.30	1.15
70-75	1.30	1.15
75-80	1.30	1.15
80-85	1.30	1.15
85-90	1.30	1.15
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840-845	1.30	1.15
845-850	1.30	1.15
850-855	1.30	1.15
855-860	1.30	1.15
860-865	1.30	1.15
865-870	1.30	1.15
870-875	1.30	1.15
875-880	1.30	1.15
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925-930	1.30	1.15
930-935	1.30	1.15
935-940	1.30	1.15
940-945	1.30	1.15
945-950	1.30	1.15
950-955	1.30	1.15
955-960	1.30	1.15
960-965	1.30	1.15
965-970	1.30	1.15
970-975	1.30	1.15
975-980	1.30	1.15
980-985	1.30	1.15
985-990	1.30	1.15
990-995	1.30	1.15
995-1000	1.30	1.15

* Where a retirement pensioner, claimant or dependant is aged 80 or over, 25p is added.
† Excluding 25p age addition.
‡ Rates incl child benefit incl Nov. 78.

Supplementary benefits, ordinary scale:
Husband and wife
Persons living alone
Less than 18 but not less than 16
Less than 16 but not less than 14
Less than 14 but not less than 12
Less than 12 but not less than 10
Less than 10 but not less than 8
Less than 8

Proposed ordinary weekly Proposed long-term weekly Existing ordinary weekly Existing long-term weekly

25.25 31.55 25.55 26.35
15.55 18.50 14.50 17.50
12.40 14.50 14.50 14.50
9.55 11.55 9.55 9.55
7.95 9.95 7.95 7.95
6.35 8.35 6.35 6.35
4.75 6.75 4.75 4.75
3.15 5.15 3.15 3.15
1.55 3.55 1.55 1.55

Where a retirement pensioner, claimant or dependant is aged 80 or over, 25p is added.
† Excluding 25p age addition.
‡ Rates incl child benefit incl Nov. 78.

allowances paid to some people drawing supplementary benefits will also rise by between 5p and 15p a week. The highest heating allowance rate, paid to severely disabled and usually bedridden people needing exceptional heating, will rise from £2.40 to £2.55 a week.

Mobility allowance, which will rise from £7 a week to £10 in July, will not be rising again in November but it will be increased the following year in line with prices. The other main disability benefits, including war pensions and non-contributory invalidity pensions, will rise by about 11 per cent.

£17m school milk: Mr Shirley Williams, Secretary of State for Education and Science, welcoming the provision of free school milk to all children up to the age of 11, said yesterday that that would cost about £17m, of which £7m would come from the EEC subsidy (a Staff Reporter writes).

She emphasized that local authorities were not required to provide free milk but she hoped that all would do so.

The sum of £40m allocated by the Chancellor for capital expenditure on the construction of schools and colleges is simply to cover a higher rate of inflation than forecast, Mrs Williams said.

It will enable school building projects which have been started to be completed without a loss that would have to be met from other parts of the education budget, but it does not represent a new building programme.

Mrs Williams said that £2.5m made available in the Budget for training teachers would be used to cover for the second year in succession special one-year courses for the training of teachers in subjects for which there is a shortage: mathematics, science and crafts. At present there are 900 teachers on such courses.

Parliamentary reports, page 10

Front clash feared over poll meeting

By David Nicholson-Lord

Fears of a clash between the National Front and its opponents in the Lambeth, Central, by-election, in London, increased yesterday after it had been given permission to hold a meeting in a school hall in the constituency on Saturday.

The Anti-Nazi League has announced plans for a mass canvass of the constituency on Saturday morning followed by a picket outside the school, which is in the Brixton area of Lambeth and is bordered by predominantly black housing estates.

Mr Paul Holborow, organizing secretary of the league, said several hundred people would take part in the canvass. Fifty supporters would seek access to the meeting. The exercise is being supported by groups including the All Lambeth Anti-Racist Movement and the Socialist Workers' Party.

The league may also seek an undertaking in the High Court from the Inner London Education Authority (ILEA) that the meeting will be open to the general public. Mr Holborow said previous National Front meetings had been restricted to ticket-holders or card-carrying party members, although they were held under the terms of the Representation of the People Act, 1949.

The Act says that any legally constituted party has the right to hire a school for a public meeting during an election campaign, but does not define a public meeting. Although the ILEA has a policy of not allowing the National Front to hold meetings in its premises except during its election campaign, it is said yesterday that it was bound by the Act.

It granted permission yesterday for earlier Front meetings in which access was restricted had led the authority to take counsel's advice on its obligations.

The National Front speakers on Saturday are expected to include Mr John Tyndall, the chairman, Mr Martin Webster, its activities organizer, and Mrs Helena Steven, the party's candidate in the by-election.

Mrs Steven, yesterday, said she would be speaking on law and order, the EEC and race. "I want the people of Brixton to come in and hear what I have to say."

Local teachers had tried to book the school, Loughborough Road, Brixton, for a meeting of the National Front. Their application was received on Tuesday, a day after that of the National Front.

Mr Richard North, a Brixton teacher and a national executive member of the National Union of Teachers, said staff at the school had refused a police request for the keys to the building. The National Union of Public Employees would be instructing the caretaker not to cooperate in opening the premises.

The union was calling on its 20,000 members in London to assemble outside the school from noon onwards on Saturday. Mr Anthony Bogues, the Socialist Workers' Party candidate, said he expected about two hundred SWP supporters to take part in the exercise.

Picketing arrangements for Saturday are being coordinated by Mr David Helm, deputy assistant commissioner in charge of operations. Scotland Yard said yesterday it was alive to the possibilities of trouble but could give no estimate of police numbers likely to be involved.

The Labour, Conservative and Liberal candidates intend to proceed with normal leaflet distribution and canvassing. The Conservatives have sought police advice. The party said: "We were told it would be better if we were not too prominent."

Civil Servants opposed opening accounts committee to public

By Fred Emery
Political Editor

The historic if tentative decision last month by the Commons Public Accounts Committee to admit the public to its press to its examinations of witnesses was taken against the deep reluctance of senior civil servants.

This is disclosed in the committee's first special report published yesterday. Treasury advice was to stick to tradition, to permit government accounting officers to continue taking the committee into their confidence. "It is their confidence," the report said, "which is the lifeblood of the committee."

Among those against the committee's decision to go public were Sir Douglas Hume, Comptroller and Auditor General (and the committee's chief investigator), Mr P. A. Sykes, who holds the same office in Northern Ireland, and Sir Anthony Rawlinson, Second Permanent Secretary at the Treasury.

Some revealing language for this era of supposed open government is contained in the written notes submitted by Sir Douglas and Mr Sykes, and in the oral evidence, given under a sort of cross-examination by committee members, by Sir Anthony.

They were unanimous that the Press would make a hash of things by being selective and headline-seeking. They thought the result would be that the witnesses would no longer be forthcoming and that the country's administration would suffer.

Mr Sykes obliges with an insight into bureaucratic thinking: "A really astute accounting officer determine not to cover his tracks, and to frustrate the committee for a considerable time", he noted.

Sir Anthony recently witnessed part of the Watergate crisis during his time at the British Embassy in Washington. He said yesterday that he was affected by the horror of the adversarial relationships he saw there between executive

and congressional committees, not to speak of the Press. He told the Commons committee that the British tradition of private frankness came in for "because the accounting officers do feel that in a sense both they and the committee, like the Treasury, are all on the same side."

Mr John Wadkinson (Lab, Gloucester, West) disagreed. "There is another view that we are members of the legislature, and we are sent by the public as a check upon the executive," Sir Anthony did not dissent, but his view was that evidence should still be given in private but published as soon as possible afterwards.

Witnesses do not appear on oath and by the evidence of the three public sessions so far, are treated very gently by the MPs. By contrast, an American Congressional hearing is an inquisition. As the daily journalist to attend all three public sessions I can testify to the fact that so far no one, witness, MP or journalist, has been exactly headline-seeking.

The civil servants were also appreciative that overnight publicity might somehow diminish even-minded publication of the committee's reports.

Most of the

THE NEWS

Terrorism
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a Correspondent

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Mr Edward Heath with Mr Eric Morecambe, president of the Lord's Taverners, at the launching in London yesterday of the Eric Morecambe Appeal for Youth. Objectives include adventure playgrounds and cricket. Diary, page 18.

Mr Hawser
appointed a
circuit judge

Mr Lewis Hawser, QC, aged 61, one of the most eminent senior counsel at the Bar, has been appointed a circuit judge. In 1974 he was the independent assessor appointed to look into the Hanratty case. He concluded the following year that James Hanratty was guilty of the A6 murder, for which he was hanged in 1962.

Mr Hawser was also the counsel in charge of conducting the inquiry, before Lord Scarman, into the Red Lion Square incidents in 1974. He has also been active in the affairs of Justice, the all-party lawyers' body, and has headed or been a member of a number of its committees recommending legal reform.

Our Legal Correspondent writes: Mr Hawser's appointment has caused comment among barristers, not because he is considered unworthy of it but for the contrary reason that the job of circuit judge is lower than his ability indicates.

Mr Hawser has for many years been considered by most of his colleagues to be of High Court quality at least, and it has been a source of puzzle and concern that men considered to be less able have achieved that rank. While Mr Hawser has been passed over, other appointments, page 20

Study of fatal accidents
puts management at fault

A detailed study of 100 fatal accidents in the construction industry showed that management was responsible for more than two thirds, according to a report published yesterday by the Health and Safety Executive.

The study, made over six years by the executive's construction central operations unit, concludes that in 68 cases the accident was "a reasonably foreseeable event, which ought to have been seen by a member of the management as a risk, with preventable action taken to remove the hazard before the accident occurred."

In 12 other cases it was concluded that the actions of the victim could probably have been modified by improved training, instruction and authorization.

Prevention of fat 'better
than trying to slim'

By Hugh Clayton
National food policy should be to prevent people from becoming too fat, Dr R. G. Whitehead, director of the Diet and Nutrition Unit of the Medical Research Council at Cambridge, said yesterday.

He appealed in a paper given at the Royal Society of Arts in London for a radical change in food policy planning to include public instruction in nutrition. The Government is soon to update the plan for enlarging home food output that it published in the 1975 White Paper, *Food From Our Own Resources*. That document only what farmers could produce and ignored changes in consumption and diet.

The fat content could be cut by selecting less fatty meat and making less fatty cheese, Dr Whitehead said. Better advice is urgently needed for nursing mothers. The type of information they receive tends to be highly polarized between breast and bottle feeding, and this crucially important topic really does deserve a more balanced approach.

It was important to avoid the pitfalls met by official American efforts to promote a healthier diet. A public nutrition programme would have to be drawn up with the help of the food industry. "One would hope that the health education programme would also influence the advertising policies of the food manufacturing firms."

Dr Whitehead wanted a programme that would tell consumers how to stay slim rather than just how to become slim. Expert opinion was divided. "In my opinion the reduction of cholesterol intake should be given less emphasis than a reduction in fat."

Health dangers
in foods
to be studied

The possible ill effects on people who eat vegetables from market gardens fertilized with sewage sludge are to be investigated. The Steering Group on Food Surveillance said in its first report yesterday: "Of the large number of trace elements which can occur in sewage sludge, lead, cadmium and mercury are of the greatest concern to human health."

The group of 26 civil servants and academics, estimated that only a hundredth of the farmland in Britain was regularly treated with sewage sludge. The group also wants monitoring of the extent to which crop spray pesticides linger in food after processing. In addition the group intends to start a detailed survey of mycotoxins, poisonous moulds found in grain, livestock feed and some dairy foods. The extent to which antibiotics linger in meat and poultry will also be examined. The choices for study do not mean that the group has detached any immediate threat to health in those areas. The Surveillance of Food Contamination (Stationery Office, 50p).

Gas workers may
strike over
dismissed clerksBy Christopher Thomas
Labour Reporter

The emergency committee of the National and Local Government Officers Association has authorized a ballot on possible protest action by 926 British gas workers. A strike by the workers, whose jobs involve the control and maintenance of the national gas transmission service, might affect supplies.

The move is in support of 14 wages clerks dismissed by Scottish Gas after being on strike for three months over a grading dispute. About 1,500 members of the association's Edinburgh and district branch have been on strike since March 24, demanding their reinstatement.

The Advisory, Conciliation and Arbitration Service brought both parties together for talks last week but failed to find a peace formula. Strike action spread to other workers in the Edinburgh area after meter readers had been suspended for refusing to handle work blacked in support of the dispute.

Centre to lessen
city life stress

Mrs Winifred Golding, Lord Mayor of Sheffield, is to launch a £100,000 appeal on April 24 to finance a centre to help people to cope with the stress of everyday life.

It will be called the Lawton Tongue Centre to Help with Stress, after a prominent psychiatrist now dead, and will be in Beech Hill Road, Brookhill. Mr Hugh Sanders, the project's future chairman, said it would be a place where people could go for help and understanding.

Bankrupt given
discharge

Mr Jonathan Paul White, aged 26, a former estate agent, who went bankrupt for £378,000 in 1975 after the sudden collapse of the property market, was granted his discharge at London Bankruptcy Court yesterday.

Mr White, of Randolph Avenue, Maida Vale, offered to pay £7,000 to his creditors. That was accepted by the court as a condition for his immediate discharge.

Beer guide
adds
1,200 pubs
to list

By Alan Hamilton

While Mr Egon Ronay clays his stomach in dyspeptic despair at the appalling standards of some British catering, another guide for discriminating palates, published yesterday, reports a steady improvement in the quality of British drinking.

The fifth edition of the Good Beer Guide, produced by the Campaign for Real Ale, has not only added 1,200 establishments to its gazetteer of acceptable public houses but records that six new breweries have been opened to produce beer that fits the campaign's tight specifications. Mr James Lynch, chairman of the campaign, estimated that during 1977 about 3,000 houses went over to real ale.

Such has been the success of one of the most heavily publicized consumer campaigns in recent years that Camra's former arch-enemy, the Watney Mann brewery group, is accorded a solitary mention among the list of 5,200 real ale pubs in the Guide.

But the large brewing combines, notably the Courage group, remain the principal targets of Camra's campaign, which is beginning to take on a markedly political flavour, with demands that the Monopolies Commission should look into the industry with a view to breaking up the national brewers into independent regional units.

Real ale enthusiasts take satisfaction from last year's report by the Price Commission which showed that the big brewers make less profit on a pint than the small independent, in spite of charging more for it.

This year more than 750 pubs have fallen foul of the Guide's volunteer inspectors and have been omitted for reasons ranging from the death of the publican to the conviction of a landlord for watering his gin.

For the first time the Guide has extended its brief to list houses that sell real ciders as distinct from the pasteurized brands sold nationally.

One casualty this year is Northern Ireland, whose six real ale houses have been reduced to one, with the result that the section has been dropped from the Guide. Keg beer, not bombs, is to blame.

Mr Roger Protz, editor of the Guide, estimated that at least half of Britain's 60,000 public houses are still without real ale. Camra officials speculated that the consumer movement should now be moving towards a Campaign for Real Bread and a Campaign for Real Cheese. Business Diary, page 29

Mrs Thatcher jeered
over immigrant issueFrom Diana Geddes
Education Correspondent
Loughborough

More than two hundred demonstrators, mainly students, booed and cheered Mrs Margaret Thatcher, Leader of the Conservative Party, when she arrived at Loughborough University yesterday to give what was a neffect a pre-general election conference of the Federation of Conservative Students.

The Loughborough Student Union, whose president is a Conservative, had earlier written to Mrs Thatcher to say that she would not be welcome because of her recent inflammatory remark so black immigration.

The letter said that those remarks and the new Conservative proposals on immigration would do nothing to enhance race relations, as had been suggested, but would "rather increase racial tension and strengthen groundless prejudices against coloured immigrants". The proposals were intended to catch votes from the bigoted, the ill informed and the ignorant.

The students, white, black and brown, were joined in their orderly but noisy demonstration by members of the local Indian Association and of the Anti-Nazi League. Some carried surprisingly polite banners demanding a society without racism, equal rights for all immigrants and "no pass laws".

Mr George Skalski, the Conservative president of the students' union, said the demonstration was not against capitalism or even against immigration controls as such. It was a protest against what they held to be controls that would be racially divisive.

Mrs Thatcher, who avoided the demonstrators by entering the hall through a side entrance, told the delegates inside that many of the critical marginal constituencies contained universities. The party would need the Tory students' vote, subject before it was delivered, said in reply: "I thought I had made it clear in my last letter that I was not making any charge. However, for the avoidance of any doubt, I naturally accept your assurance that the Government has not deliberately and artificially held down the rate at which applications are processed."

Mr Whitelaw is still not confirming or denying the remark. He had said earlier that he was not prepared to divulge what had passed at a private meeting. However, Mr Callaghan is not expected to pursue the matter.

Reginald Maudling, page 18

By Our Political Reporter

The dispute between the Prime Minister and Mr William Whitelaw, deputy leader of the Conservative Party, over immigration was peacefully closed yesterday, at least for the time being. Mr James Callaghan had taken exception to a remark Mr Whitelaw had been reported to have made at a meeting of Conservative MPs that immigrant acceptances were being restricted ahead of the next election.

Mr Whitelaw, who is annoyed that Mr Callaghan disclosed the text of a second letter on the

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Post Office Telecommunications

WEST EUROPE

Fears about ownership of farms are discounted

greater companionship. In a recent survey of the elderly by the Office of Population Censuses and Surveys the suggestion for help most popular among the old people was more visits from friends, neighbours and volunteers.

The same survey showed that physical old age as it was usually understood did not begin at 65 for most people. Nine out of 10 people aged between 65 and 74 who were living in the home county could get out without assistance. Four out of five thought their health was good and many said they did not think of themselves as old.

Mr Hugh Faulkner, director of the charity, told the meeting at the Queen Elizabeth Hall that he would like to see the retirement age abolished. It was not a time of joy and many people felt they had been cast aside by society.

"So I say abolish retirement age and let us think out afresh how we can best enable people to go on working in some way if they so wish and make it possible for more to find that which gives satisfaction in life which should be the aim."

"Unless we create a sense of outrage far too many people will go on drifting into retirement with no discipline or purpose, feeling unworried, with its consequent bad effect on their health and future."

By Our Agricultural Correspondent

Lord Northfield brought his travelling survey of farm ownership to London yesterday with a sharp rebuke for "carping and ill informed criticism". He denounced some of the deepest fears of farmers, including the view that many foreigners were buying British farms and that financial institutions were squeezing out tenants by farming their growing holdings themselves.

Lord Northfield, who, as Mr Donald Chapman, was a labour MP for nearly twenty years, is chairman of a committee set up by ministers to examine the ownership of farmland. In the past four months it has taken evidence from farmers at six open meetings. The sixth was held at the Farmers' Club yesterday.

"We are about the only such committee that has ever taken the issue right over into the open," Lord Northfield said. He denied favouritism towards financial institutions and angrily rejected suggestions that he had stage-managed meetings.

The committee present critical and untrue comments by people who were not present at our meetings", he said. It was studying an important social question that might not

By Michael Baily
Transport Correspondent

A partnership between the Government and the motor industry to evolve energy-saving cars and commercial vehicles was urged by Mr William Rodgers, Secretary of State for Transport, yesterday.

While electric cars, oil substitutes from coal and motorway electrification might be the long-term solution to energy difficulties, the main practical emphasis over the next 20 years, must be on improving the efficiency of conventional vehicles, he said.

"The price of oil will rise, but it will still be available," he told a transport and energy symposium at the Transport and Road Research Laboratory, Crowthorne, Berkshire. "The incentive will be to make the best possible use of it rather than go for expensive alternatives."

Cars offered the greatest potential savings, with scope for improvement within present technology both from better

developing lighter and more efficient ones. An agreed programme backed by Government and motor industry to evolve more economical vehicles would benefit the consumer, the motor industry, and the national energy budget.

Mr Rodgers discounted dramatic change either in transport patterns or vehicle design over the next two decades.

Some people see the necessary response in terms of catastrophic reinforcement, with visions of derelict motorways and the motor industry ruined. I do not.

"Our life style places very high value on mobility. But expectations developed in times of cheap and plentiful oil may now be excessive. We must ask serious questions about the extent to which we can reduce our dependence on the transport, for example by the further development of telecommunications, by new attitudes to land-use planning—even by simple things like sharing cars."

Is Irish industr

From Christopher Walker.
Dublin

On an Irish hunger strike with a difference came to the end of its first week yesterday. It is taking place in the unlikely surroundings of Tum, a small and economically depressed town in Galway, which has recently become the focus of the growing industrial troubles facing Mr. Jack Lynch's Government.

Those protesting are two town commissioners and the treasurer of the Tum Chamber of Commerce. They have shifted three beds and a television set into the office of the town clerk, forcing him to work from a fire station.

The three are not political extremists but pillars of the business community, infuriated by the ending of railway services in their town, which has a population of 6,500, and the threatened closure of its potato processing factory.

Mr. Harold Crompton, Mr

Museum mak

From Philip Howard
Derby

Chesterfield schoolchildren were dressed in Eton collars and other Victorian clothes yesterday. In the classroom the fierce mistress threatened them with the cane and stood them in the corner with dunce's caps when they could not chant their multiplication tables.

They were visiting the Museum of Childhood at Sudbury Hall, Derbyshire, and clearly having the time of their lives.

For the summer term, the

SUNAMARU have attracted much sympathy. Despite appeals from local doctors, they have refused to eat food, including glucose. They are now showing signs of physical deterioration and that has apparently strengthened their resolve.

As a result of ending their action the protesters are demanding that CIE, the nationalized transport body, should restore full rail services and that the company owning the factory should reverse its decision.

The hunger strike has been accompanied by street demonstrations and warnings to the government about growing political discontent in the west of Ireland, a depressed area which Fall's big election victory last year.

It is planned to extend the protest next week if newspapers have reported that the town's publicans plan to boycott

es child's play

haunted gallery, and then into a banquetting hall with a fabulous feast on the table. Around the walls hang paintings by the extraordinary and mysterious illustrators of children's books of our age.

For those in not a quest of a fairy tale, Sudbury is not a bad place to start. The stately home of the Vernon family is rich with furniture, tapestries and pictures. Charles II reign. Beauties and Beasts lurk lightly in the carvings and plaster of Grimbles Gibbons and his peers.

Over the past four years

bricks and change to another brew of stout, which will be brought to privately.

Apart from receiving a steady flow of visitors, the museum to sign a petition, the strikers have been visited twice by the Archbishop of Tuam, Cunnane, who said that although there was a serious risk to life involved, the supported the cause.

Attempts were being made yesterday to arrange a compromise through a local take-it-easy approach, but the strikers would continue to refuse food until all their demands were met.

Meanwhile, the Dublin Government is facing a deteriorious deterioration of international and internal communications because of the prolonged Post Office strike, as well as the possible closure of the airports through another industrial dispute.

of the past

curator, a former art teacher, has a lively instinct for capturing the imagination of children and other people.

In the park the children were absorbed in playing Victorian table games; while in the hall, we queued to climb the chimney in the footsteps of the Victorian chimneysweep's boy.

There are below-stairs week-end where visitors are put to work like nineteenth-century servants, scrubbing floors and cleaning grates. These activities are not so far oversubscribed.

All summer Sunday Hall and its museum will run with out-

From Philip Howard

Derby
Chesterfield schoolchildren were dressed in Eton collars and other Victorian clothes and in the classroom the fierce mistress threatened them with the cane and stood them in the corner with dunce's caps when they could not chant their multiplication tables.

They were visiting the Museum of Childhood at Stoneybury Hall, Derbyshire, and clearly having the time of their lives.

For the summer term, the museum has opened an enchanting exhibition on the fantasy of Beaury and the Beast. The children tip toe moonlit garden paths scented with roses into a frightening bear's lair and

**Captain Phillips
fine; magistrate
says 'pipe down'**

The controversy over Captain Mark Phillips's speeding fine of £15 was described by the magistrate in the case, Sir Kenneth Barracrough, at Bow Street Magistrates' Court yesterday as 'absolute nonsense'.

He refused to discuss a woman magistrate's decision to design from the bench as a protest at the fine. She said she would have put it up to £150.

Sir Kenneth, aged 71, who is due to retire soon as the Chief Metropolitan Magistrate, was asked at his home at Fleet, Hampshire, to comment. He said: "I wish you would pipe down on this, it is absolute nonsense."

banqueting hall with a fabulous wall painting of the walls hang paintings by the master and mistress, illustrators of children's books of our age.

For those in quest of a fairy tale, Sandringham is not a bad place to start. The stately home of the Vernon family is rich with the new extravagance of Charles II's reign. Beauties and Beasts lurk thickly in the carvings and plaster of the stables and the gallery of the Gibbons and the peers.

Over the past four years Derbyshire County Council and the National Trust have turned the Victorian servants' wing into the richest and most interesting museum of childhood in the world.

Mr John Hodgson, the

Two former p stockbrokers

Two former partners in the London stockbroking firm of Chapman and Rowe, which crashed in 1974, were cleared yesterday of false accounting, conspiracy to defraud and theft.

The charges had arisen from the way the firm had been run in the six months before it was "hammered" on the Stock Exchange, with a deficiency of more than £2m.

After a 10-hour retirement yesterday, the jury found Ralph Clarke, age 49, of Stirling Street, Brompton, and George Milne, aged 38, of Wimbledon Park Road, Wimbledon, both London, not guilty of false accounting and conspiracy to defraud.

and a lively interest for capturing the imagination of children and other people.

In the parlour the children were absorbed in playing Victorian table-games; while in the hall, we queued to climb the chimney in the footsteps of the Victorian chimneysweep's boy.

There are below-stairs weekdays where visitors are put to work like eighteenth-century servants, scrubbing floors and mending stockings. Those activities are not so far oversubscribed.

All summer Sudbury Hall and its museum will ring with concerts, masques and dance, and children acting their own fantasies.

Mr Hodgson said: "Children learn best when they enjoy themselves and are given choice to take part."

Partners in Healed

On the direction of Judge McKinnon, QC, the jury also found Mr Clarke and Mr Miller guilty of eight charges of theft.

The jury then retired to consider verdicts on two other men named in the sum. Alan Harman, aged 33, a former partner of Furney Heath Lane, a former managing clerk, of Marquis Road, Sharpthorne, Saxilby, pleaded not guilty to the same charges.

The jury, after a total of 12½ hours, failed to agree on the charges faced by Mr Harman and Mr Goodsell and will spend another night in an hotel. They will consider the charges again

A high-contrast, black and white photograph showing a woman in the center with a distressed expression, her mouth open as if shouting or crying. She is surrounded by other people in a crowded setting, with their faces partially visible in the shadows. The image has a grainy, high-contrast quality, typical of a photocopy or a low-quality print.

Signorina Marconi with her parents after being rescued by police from her kidnappers.

Rome, April 12.—Italian police, who last night rescued

A teenage girl and a man, possibly a brother from Liguria, are the two targets of a wounded urban guerrilla in their hunt for the abducted politician, Signor Aldo Moro.

Detectors waited at a hospital in Turin to interrogate a suspected member of the Red Brigades, the left-wing urban guerrilla group which seized the former Prime Minister last month.

The suspect was shot yesterday in an attack on a prison guard who worked at the jail in Turin where 15 Red Brigades members are being held while awaiting trial for subversion.

The guard fired back at three gunmen before dying.

Police sources said the wounded man, Signor Cristoforo Piancone, could provide a vital link to the Red Brigades guerrilla group for subversion.

Last night police scored a big success in their war against

First they raided a country hideout to rescue Signorina Michela Marconi, aged 16, a wealthy industrialist's daughter who was being held for ransom of \$700,000. Police, a few hours later, intercepted three men transferring a building magnate, Signor Angelo Appolloni, from one hideout to another. The kidnappers fought a gunbattle with the police and escaped under the cover of darkness. The police were led to the girl and the builder, both abducted last month, by two kidnappers arrested in a gun battle as they were picking up the ransom money for Signorina Marconi in Rome on Monday. Within hours police knew where the girl was imprisoned. Para - military carabinieri stormed the country villa near Rome to find her blindfolded and chained to the bed in the dark. She was freed and taken on the day of her abduction. Her one jailer saved himself up.

From David Wood
Luxembourg, April 12

The judgment of Mr Roy Jenkins, president of the European Commission, that the Copenhagen summit restored the EEC's strategic momentum showed through in his speech to the European Parliament on Tuesday. He had made once again "the longer-term perspective of economic and monetary union".

Like Mr K. B. Andersen, president of the European Council, Mr Jenkins added to the importance of the Copenhagen talks by linking them with the next meeting of the Council in Brussels and the Western economic summit that will follow immediately in Bonn on July 16 and 17.

He quoted President Giscard d'Estaing's phrase about "a zone of monetary stability in Europe". The dollar's weakness went well beyond the economic and monetary problems of the United States economy. The crisis, Mr Jenkins said, "a fundamental asymmetry about the United States having withdrawn from the responsibilities of Bretton Woods while dollars still legions without a central bank, continued to dominate the currency transactions of the world".

For Mr Jenkins and the Com-

Points way to ary union

mission the answer was plain. The movement towards economic and monetary union, the long-term strategy, should begin by seeking greater exchange rate stability between the currencies of the Nine, thus providing a stronger basis for exchange rate policy with third countries. The Community's exchange rate system necessarily had to be extended beyond the "snake"; and the July economic summit left little time for preparation.

However, Mr Geoffrey Rippon, the Conservative group leader, felt that Copenhagen had offered more than a glimmer of hope and time was running out fast. Why could not Europe show the same faith and determination in saving itself as the United States showed in rescuing after the Second World War with the Marshall Plan?

West Germany had been a main beneficiary then, and now must consider action on that scale itself, although Herr Schmidt, the West German Chancellor, had "not shown himself one of the greatest of Europeans and notably not a believer in the Copenhagen growth rate of 4.5 per cent by mid-1979".

Parliamentary report, page 10

Vienna, April 12.—A new

Senior law enforcement officials from Austria, Italy, Switzerland and West Germany met in Vienna Tuesday to help step up their fight against terrorism. Police chiefs from the four countries agreed to coordinate their cooperation agencies in France, Belgium, The Netherlands and other Western European countries will join the network.

Ministers of the four countries met in Vienna Tuesday to meet recently in Switzerland last week to discuss joint efforts to curb terrorists. The participants were the Interior Ministers of Austria, Italy and West Germany, and the Swiss Federal Official of the four countries' police organizations will exchange information on suspected terrorists in the quickest way possible by telephone, telex and mail.

Police, customs, intelligence and judicial authorities will take part in the questionnaires of arrested suspects. —New York Times News Service.

From Our Own Correspondent

Dr Werner Kruschke, the Evangelical Bishop of Magdeburg in Eastern Germany, told the assembly that "only churches which have peace in Christ and are at peace with one another can contribute appropriately to the peace of the world."

Excusing himself for using polite non diplomatic, he emphasized that the churches should first make peace with themselves; and practices incompatible with talk about peace, such as proselytism and abuse of political power; and seek pardon for a past marked by religious hatred and wars.

"The churches must have freedom to have had to suffer as occurred in Christian countries," he said.

The churches did not live outside of above politics, he said. It was why they had to extend to and apply the agreements reached by politicians. The policy

From Our Correspondent

Defendants fought prison officers and policemen clashed with demonstrators here today at the trial of six members of the "Second of June Movement".

The six are accused of kidnapping Herpeter Loranz, a Berlin politician, in 1975; murdering the city's chief judge in 1974; and of 10 bank robberies.

Three of the defendants, who were inspecting the proceedings, the defence lawyers and representatives of the press, were forcibly ejected from the courtroom.

Some of the insults hurled at the judge were greeted with applause by a section of the public. After he ordered the

prisoners' eviction from the courtroom, the police resorted to the use of batons in the ensuing scuffles.

Earlier, two defendants were involved in fights with prison officers guarding them.

The court today rejected the application of three officially-appointed defence lawyers to be relieved of their duties. Having been beaten up by their clients before the opening of the trial, they may establish a good working relationship with the defendants necessary to prepare their cases properly.

The court adjourned until Tuesday. In two days of proceedings, so far the court has called even to read out the indictment.

Portuguese police find arms cache

from Our Correspondent
Nairobi, April 12

Medical experts from a large
Eastern African and
South African Health
organization, the West Nile
virus team, arrived in Nairobi
last week to assess the extent
of the conquest of smallpox.

The last known case of
smallpox (*variola minor*) occurred in
Kenya on October 26 last year.
Since then, no other cases have
been detected.

"We seem to have reached a
turning point", a WHO official
said. "It could be another
3 months, however, before it
can be officially claimed that
smallpox had been eradicated."
He said there were "clear grounds
for optimism".

From Jose Shercliff
Lisbon, April 17

Persistent police raids in Portugal are turning up quantities of hidden arms and magazines many of which disappeared from military stores during an unsuccessful leftwing coup in November, 1975.

The latest cache is said to be 13 automatic G3 rifles, a rifle with telescopic sights and large quantities of ammunition. It was found near Oporto and five persons were detained.

Many weapons are said to have been distributed to civilians in November, 1975 to enable them to help Army loyalists if it became necessary.

The arms were, later called in but very few were handed over.

An intensive search for them is now being stepped up. In

January. Senhor Edmundo Pedro, the Socialist director of Portuguese television, was arrested and is being charged with being in illegal possession of such arms. He is still in detention.

Salvador Sariva de Carvalho, whose candidacy for the presidency was supported by "popular power" groups in 1976, has said the "arms are in the right hands".

Major de Carvalho was at a meeting last week during which the formation of a new union of workers party was announced. It will be the third "popular power" group.

General Spínola feted: General Antonio de Spínola, Portugal's first President after the April revolution of 1974 who later moved into exile, is back in the swim. After being relinquished in

Scepticism over French measures on oil spi

from Charles Borge
Paris, April 12

The man in charge of coordinating measures to combat a possible black tide in Britain, the Minister of the Navy, Amoco Cadiz, said that the French Senate is not satisfied with the measures taken at present but that a satisfactory means of dealing with oil spills and ecological catastrophes is being sought.

M. Amoco Cadiz, Secretary in charge of fisheries, was replying to questions put by senators of both the Right and the Opposition.

France, he said, proposes to the committee of the International Conference on the Protection of the Sea next March to change in existing law would compel ships to take on board a minimum quantity of oil at the port of embarkation at the expense of the State.

He said that they could not be advised by radar.

The French Government would also propose to the committee competing for the international waters outside territorial waters immediately a declaration of the nearest coast.

It would insist on a reduction of some 20 per cent in the number of tankers exceeding 10,000 tons.

The minister took the measures taken by the Amoco Cadiz disaster, 100 ships has 1,000,000 tons of oil slick on 250,000 troops, 250,000 volunteers were on the beaches, 100,000 yards of oil had been removed. More than 100,000 tons had been cleaned up.

M. Amoco Cadiz said that any estimate caused by the oil spill has six requests for 100,000,000 francs and been an 100,000,000 francs.

The senators were informed by the Government that declarations that had been done at the expense of the Government.

Edouard Bonafant, Minister of the Navy, said that the minister had added to the senators that if no country had

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The Army earlier receiving about 700 of his sixty-two guests was celebrated by a banquet dinner in a hall last night.

Among his hosts were Jefferson Palma Caceres, Minister of Defense; Firmo Amador, Finance Minister; and Simola's government Socialist General Spinosa. The hosts was a de military meal.

Brazil gave him the Order of the Cord, which he is the Castro and the Cuernavaca for service in Cuba. He left from his own after he left Port

Somali in opposition

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OVERSEAS

Smuggling
framed by
Franco

Salisbury, April 12.—Francisco's only child today that she had been smuggling gold and silver coins and medals as an air liner from Geneva last week.

Francisco, Marjorie, told a judge at her Madrid trial in her position of taking of the country in the hands of that person as a "child".

She said that the medals, which were the property of a number of cities, were to be placed in the face of a clock in the house of a friend of her father's, who was a gift to her father's widow.

The news continued that the medals, which were the property of a number of cities, were to be placed in the face of a clock in the house of a friend of her father's, who was a gift to her father's widow.

Francisco showed four from a friend in whom she had an estimate for a clock in the letter, to other that she would have to see first.

It occurred to me that he was any kind of a clock, adding: "I am that any permit to take these since I planned to back to Spain again, not going to remain."

That the medals had been between 200,000 pesetas (£1352) to that their value was symbolic of the fact that the value was "very" in the way the incident occurred.

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Own Correspondent

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Legal obstacle to the of organs in being removed by a law voted in December, 1977, is long because it raised certain legal issues. The new law is possible to in the number is carried out in

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Correspondent

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Former Minister of
Law and Order goes
in Rhodesia reshuffle

From Frederick Cleary,
Salisbury, April 12

Mr. Ian Smith, the Prime Minister, today announced his list of nine white ministers to share responsibility in the Council of Ministers with their black counterparts.

In reducing his 12-man Cabinet to nine, he called for the resignations of Senator Desmond Lardner-Burke, Air Marshal Wilson and Mr. Denis Walker. In addition, two senator ministers, Mr. Charles Mungwe and Mr. Mungwe, and three deputy ministers, Mr. Andre Holland, Mr. Desmond Mickle and Mr. Alexander Moseley, have also resigned.

The reshuffled white ministerial line-up reads:

Finance, Commerce and Industry: David Smith; Transport and Power: Roads and Traffic: Mr. William Irvine; Internal Affairs: Local Government: Mr. Rollo Hayman; Health, Manpower and Social Affairs: Mr. Rowan Cronje; un-
changed portfolios: Defence and Combined Operations: Mr. Roger Hawkins; Agriculture: Mr. Mark Harbridge; Justice and Law and Order: Mr. Mungwe; Information, Immigration and Tourism: Mr. P. K. van der Byl; Lands, Water Development, Natural Resources and De-
velopment: Mr. Jack Mussett.

The virtual retirement from active politics of Mr. Lardner-Burke at the age of 68 had been predicted. A minister for 14 years, he was an ardent supporter of the unilateral declaration of independence document in 1965 and was fiercely loyal to Mr. Smith.

Mr. Lardner-Burke was known for his right-wing views and was an unflinching Minister of Justice and Law and Order, bringing in tough laws which made him unpopular with African nationalists. For two years he has been Minister for Commerce and Industry.

Air Marshal Wilson, a former commander of the Rhodesian Air Force, was only appointed to the Transport and Power portfolio last year, but was not regarded as a top-flight politician. He was heavily criticised in the past year for his handling of the Education Ministry.

The 18-man Council of Ministers is expected to be sworn in this week, possibly on the day after the opening of the country while the four-

man Executive Council concentrates on the new constitution, ending the war, and other major policy matters.

All members of the Council of Ministers will receive the same annual salary of about £22,000, and car, housing and entertainment allowances. The Executive Council receives higher salaries, with Mr. Smith's salary being about £30,000 a year, plus allowances, and Mr. Mungwe, the Prime Minister, has other duties in addition to those he shares with Bishop Abel Muzorewa, the Rev. Ndabandabi Sithole, and Chief Jeremiah Chimure.

Salisbury, April 12.—A total of 461 political detainees will be released in Rhodesia over the next few days, a Law and Order Ministry spokesman said here today. About the same number would remain in detention, and their release would be considered for the next phase of the scheme to free political prisoners.

The releases will start tomorrow and mark the start of Phase Two of the exercise sponsored by the Executive Council. Phase One comprised lifting the orders on 254 former detainees limiting their movement.

Selection of the men to be released had depended on several factors notably whether they would be a threat to law and order or had shown "a change of heart", the spokesman said.

Those released would sign an undertaking not to indulge in subversion or any other unlawful acts, but they would not be barred from normal political activity. They would be given free travel documents to their homes or the place where they were originally arrested.

Journalists authorized to witness the release of the detainees tomorrow have been warned by the Rhodesian Government not to report accounts of life in prison—Agence France Presse and AP.

Lusaka, April 12.—Mr. Joshua Nkomo, one of the leaders of the Patriotic Front guerrillas, indicated today that they were prepared to attend an peace constitutional conference, if talks with Western negotiators in Dar es Salaam this weekend bore fruit.

However, if the new Salisbury alliance of moderate blacks and Mr. Ian Smith refused to attend an all-party gathering, it would be justification for stepping up guerrilla war—Reuter.

Somali leader says 20 died
in opposing coup attempt

From Charles Harrison,
Nairobi, April 12

Twenty people were killed and 34 wounded by Somalis who unsuccessfully attempted a coup last Sunday, President Siad Barre has announced in a radio broadcast from Mogadishu. All of these among forces loyal to the President, and there is no indication of the number of casualties among supporters of the coup attempt.

In a message marking the Somali Army Day anniversary, the President said that the objective of the "disident soldiers" had been to hand over the country to colonialism and to destroy the stability of the nation. He did not supply these remarks, and it was a clear whether he was suggesting that an outside power was involved.

No details have been given of the people involved in the coup attempt. But President Barre said the ring-leaders were under arrest while a few who had escaped were still being sought.

Some military vehicles and weapons were destroyed in Sunday's fighting, he said. "Just as this plot has failed, plots for the future are bound to fail", he added.

In another radio message, Lieutenant-General Mohamed Ali Samatar, first Vice-President, promised that the Somali Army would continue the forefront of sacrifice and hard-ship on behalf of the nation.

The Vice-President referred to the war in the Ogaden, and said Somalia was giving all-out support to the pro-Somali guerrilla groups still operating in the Ogaden.

He said it was false to suggest that Somalia's army had been defeated by the Ethio-

pians when it withdrew from Ethiopian territory last month. The Somali decision to withdraw was taken out of respect for the call made by the super-powers for a peaceful settlement in the Horn of Africa, he said.

He strongly criticized the Warsaw Pact countries, led by the Soviet Union, for supporting Ethiopia.

Referring to the attempted coup in Somalia, Lieutenant-General Samatar said the officers involved had misled them that they were defending the Somali revolution. When the soldiers realised they had been tricked, however, they turned against the officers.

He denied suggestions that morale in the Somali Army was low. The army had complete confidence in its leadership, he declared.

Danab, the bulletin of the Western Somalia Liberation Front, has announced in Mogadishu that pro-Somali guerrilla forces recently killed 60 enemy troops, including six Cubans, near Negelle in southern Ethiopia. The Ethiopian authorities recently reported rebel attacks on Negelle but said an attempt to isolate the town had been foiled.

Our Geneva Correspondent writes an appeal for (£12m (£6.6m) to help more than a million victims of the recent war in the Horn of Africa was issued, mostly by the United Nations High Commission for Refugees. It went to 68 governments, including the Soviet Union and Cuba.

According to the commission, 150,000 people fled from the Ogaden last year. A like number fled across the border to Somalia and about 10,000 others reached Djibouti.

Third World report
More news than press can use

Cairo, April 12.—Four international news agencies presented more news on Third World countries than newspapers could use, according to a study presented to the conference here on international news media and the developing world.

The findings also showed that there was a "surprisingly close relationship" in news judgment between the news agencies surveyed and the news agencies.

The study was presented by Professor Wilbur Schramm, of the Chinese University of Hong Kong. The four-day conference was attended by 30 delegates from 30 countries and two international organizations.

The survey was based on news coverage by the four agencies—the Associated Press, United Press International, Reuters and Agence France Presse—and 16 Asian newspapers in early December, 1977.

"Our finding was that the categories chosen by the wires (agencies) and the newspapers was very much the same", Dr

Schramm told the delegates. "It is quite startling really that the wires and the newspapers are operating on the same definition of news and thought to be covered."

He said the findings could be interpreted as meaning that the newspapers were just using what was available or they agreed with the wires on how the stories were being covered.

Altogether, the four wires carried about 105,000 words a day on Third World news on the average, the study said. This amounted to a total of 2,039 such reports by all the wires in a four-day period.

Dr Schramm said the 16 newspapers studied got about 76 per cent of their non-local Third World news from the four Western wires compared to about 4 per cent from national or regional services.

The average daily papers the study said, carried about 15,000 words a day or 25 items on the Third World outside its own country. The average daily output, about 100 reports, per wire, is about four times as

Botswana
pledge
over shot
Briton

From Eric Marsden,
Johannesburg, April 12

A father whose 18-year-old son was shot dead in Botswana last week was promised by a spokesman of Sir Seretse Khama's Government today that if allegations that he had been murdered by troops were proved true those responsible would face criminal charges.

Mr. John Love, from Suffolk, Mr. John to Gaborone from Johannesburg to make first-hand inquiries about the incident in which his son, Nicholas, aged 18, and two South Africans were killed in a Botswana Army camp on March 20.

Press reports quoting intelligence and diplomatic circles in Gaborone and Pretoria have claimed that the three young men were taken prisoner by Botswana troops on a game drive, and were accused of being members of the Rhodesian Selous Scouts. They all denied this and produced identity documents. Mr. Love tried to show the officer in charge his passport showing valid airport entry stamps but was not allowed to do so.

The reports claimed that after being transferred to an Army camp the three were "tried" by a kangaroo court at which drunken troops kicked and humiliated them to force them to admit they were Selous Scouts. An hour after the trial opened they were told they were to be executed and were taken 200 yards from the camp, forced to kneel and told to say their last prayers. Three soldiers fired several bursts of automatic weapon fire at them, it was alleged.

The two South Africans were killed immediately but the young Briton was only wounded and began to crawl forward slowly. A soldier put his gun club to the back of his head and killed him.

Mr. John Love said that Mr. P. L. Steenkamp, spokesman for the President, had told him the Botswana Government had asked the South African authorities to lead one of the source of the information in the press reports to help police investigations. He had been assured that when these were completed action would be taken in accordance with Botswana law.

Mr. Steenkamp had also said he was satisfied that Mr. Love's son had not been involved in any illegal or subversive activity. He was unable to say whether Mr. Love's request for an independent public inquiry into the death would be considered. Mr. Love said he did not free to see me."

He had pressed the need for a public inquiry of the Botswana officials he had met, but was told a decision on this must await the completion of investigations by police. Mr. Love said in Johannesburg that the British Government had strongly pressed the Botswana Government to bring the facts to light and Dr David Owen, the Foreign Secretary, had taken a personal interest in the matter.

His son had gone to Botswana as a tourist to film in some time after passing his "A" levels. He wanted to see something of the world before joining the Army. He was due back in England on April 20.

Foreign Secretary defends delaying of decision

By Henry Stanhope,
Defence Correspondent

President Carter's postponement of a decision on production of the neutron bomb pending progress on East-West arms control was defended as "perfectly responsible and understandable" by Dr David Owen, the Foreign Secretary, yesterday.

He hoped the Soviet Union could be persuaded to return to look seriously at those matters that worried the West.

He also believed the American decision meant that the United Nations special session on disarmament, which begins next month, could now take place in an atmosphere that would enable real progress to be made.

Far from there being a crisis in relations between the super-powers, he thought they would complete a new and improved strategic arms limitation agreement and that progress could be expected this year towards a comprehensive test ban treaty

and in the talks in Vienna on mutual balanced force reductions.

Dr Owen, who was speaking to peace organizations in the Foreign and Commonwealth Office in an exchange of views before the United Nations special session, said the Government would like to concentrate on realistic, concrete measures rather than grandiose statements at next month's meeting.

But he defended Britain's latest nuclear test in Nevada on Tuesday on the ground that the country had to consider its own interests. Britain was no longer a dominant force and he did not think it would have any impact if the Government decided unilaterally to suspend all further testing.

Nor did he think it would have any effect if Britain resolved on its own to sell no more arms to the Third World. The Third World customers would only resent such a move. Many non-aligned countries made a point of buying their

arms from both East and West. If the Western source was suddenly cut off they would be forced into a position they would find unattractive.

The Foreign Secretary spoke of the need for the United Nations to anticipate international conflict rather than simply react to it. He had advocated sending a United Nations peacekeeping force to south Lebanon for the past nine months.

Dr Owen referred to the probable need for a peace-keeping force in Namibia in the future. If the United Nations could be used successfully in Africa it would be of immense importance, he said.

Dr Owen announced at the meeting that the Government had been invited Lord Noel Baker, the former Labour Minister, to join the official delegation at the special session as a representative of the non-governmental organizations.

Lord Noel Baker, 88, the elder statesman of the disarmament movement in Britain, won the Nobel Peace Prize in 1959.

UN man
'intends
to resign'

Vienna, April 12.—Mr. Arkady Shevchenko, the highest ranking Soviet official in the United Nations Secretariat who has ignored orders to return to Moscow, has indicated he intends to leave his job, Dr Kurt Waldheim, the United Nations Secretary-General, said today.

According to his lawyer, Mr. Shevchenko, who is 47, wants to retain his position as Under Secretary-General for political and security council affairs.

But Dr Waldheim told reporters here that his personal secretary in New York had been informed by Mr. Shevchenko that he intended to resign.

Dr Waldheim said Mr. Shevchenko had written a letter setting out his reasons for turning his back on the Soviet Union. But the Secretary-General said he would not know details of the affair until the letter had been forwarded to him here.

Under United Nations rules no member of the secretariat is allowed to take orders from any government, but the top positions are usually filled with candidates sponsored by the member-states and endorsed by the Secretary-General.

If Mr. Shevchenko were to stand at his desk, it would force Dr Waldheim into the awkward choice of dismissing him or overruling Moscow's desire to recall their candidate. Dr Waldheim said that once the official had resigned, his case would be strictly a matter between Washington and Moscow.

The Soviet Union has accused the United States of being behind the affair and has lodged official protests with the State Department.

In Moscow the official Soviet press, in a first reference to Mr. Shevchenko's disappearance, said today that he was the victim of a provocation by American intelligence agencies.—Reuter.

English publishers interest
China in a new dictionary

By Roger Berthoud

The Chinese are showing great interest in the idea of a new Chinese-English, English-Chinese dictionary, according to the first party of British, indeed Western, publishers to visit China officially.

A big, authoritative dictionary would have to be a cooperative venture and might take more than five years to produce, but could spawn several smaller volumes in specialized fields such as medicine, it was felt.

The publishers, who have recently returned to Britain, found that the Gang of Four was, inevitably, blamed in China for the 10-year slump in imports of scientific and technical publications. The Chinese, however, seemed to want to make up for lost time.

The delegation found the Chinese authors it met were out of touch with the past 15 years of European writing. The British had some difficulty in agreeing among themselves on what had been significant.

Pirating of Western books and journals in China is not uncommon. The Chinese listened attentively to an explanation of the purpose of copyright, and the effect of ignoring it.

"If an understanding were reached, I am quite confident they would stick to it", Mr. Graham Greene, nephew of the author and managing director of Jonathan Cape, commented.

The British delegation consisted of nine heads of publishing houses, led by Mr. Green who is also president of the Publishers' Association, and Mr. Clive Bradley, the association's chief executive.

Dr Owen sees Carter policy on
neutron bomb as 'responsible'

Foreign Secretary defends delaying of decision

By Henry Stanhope,
Defence Correspondent

President Carter's postponement of a decision on production of the neutron bomb pending progress on East-West arms control was defended as "perfectly responsible and understandable" by Dr David Owen, the Foreign Secretary, yesterday.

He hoped the Soviet Union could be persuaded to return to look seriously at those matters that worried the West.

He also believed the American decision meant that the United Nations special session on disarmament, which begins next month, could now take place in an atmosphere that would enable real progress to be made.

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New municipal
administration
for Naples

From Our Own Correspondent
Rome, April 12

Naples is expected to have a new municipal administration by the end of this month. It will still be controlled by the Communists but, for the first time, it is likely to receive a substantial measure of cooperation from the Christian Democrats.

Senator Maurizio Valenzi, a Communist, has been mayor of Naples for the past two and a half years. He is widely credited with having improved the administration in one of Italy's great problem cities, but he has not been able to overcome the fundamental problems.

When the Christian Democrats agreed to vote for the left-wing budget, Senator Valenzi resigned with the aim of enlarging the administration's political support, particularly from the Christian Democrats. His renomination is expected, although not altogether certain. His party hopes to persuade the Christian Democrats to agree to vote for the administration even if they are not ready to take posts.

Japan says
Chinese
boats fish its
waters

Tokyo, April 12.—About 100 Chinese fishing boats were operating today inside Japan's territorial waters off the disputed Senaku islands, the Maritime Safety Agency said.

This was the first large-scale violation of Japan's territorial waters by Chinese ships, the agency stated.

A patrol boat spotted the vessels north-west of the Senaku group of islands between Okinawa and Taiwan at 7.30 am. The agency said that at 4 pm, 16 boats were still fishing within Japan's territorial limits in defiance of an order to leave.

The Chinese ships carried signs reading: "We have the right to haul fish within Chinese territorial waters."

The agency sent six patrol aircraft and two light aircraft to help the patrol boat. The Maritime Self-Defence Force also sent an aircraft to the patrol boat to gather information.

Japan, China and Taiwan are involved in a territorial dispute over the Senaku islands which are said to be rich in off-shore oil.

Sudan political break
healed after amnesty

By David Spamer,
Diplomatic Correspondent

Sudanese opposition leaders in exile signed a declaration of reconciliation with the Government of President Nimeiry, at the Sudanese Embassy in London yesterday.

The reconciliation, greeted as an historic turning point by Mr. Abu Elgasim Hashim, the Speaker of the Sudanese National Assembly, at yesterday's ceremony, and endorsed as a great and happy moment in the history of the Sudanese people by one of the leading political exiles, Mr. El Sharif El Hindi, follows an amnesty granted by President Nimeiry. Under new agreement, the exiles now plan to go home, as Mr. Saadi al-Mahdi, the former Prime Minister, has already done.

Yesterday's declaration dissolves the National Front, and provides for the return of all its members, especially the fighters, the abolition of all training camps, and the handing over of arms and equipment in and around the country to the armed forces.

Those returning are to have all rights and duties enabling them to participate in the

March of the Sudanese people towards freedom, welfare and development, the declaration states, "thereby putting an end to the era of disagreement, conflict and disunity, so that the opposition could come back home with all its men."

After affirming the constitution as the basic law of Sudan, together with the independence of the judiciary, the declaration hails in particular the "solution" of the southern question as a great revolutionary achievement.

"We support it wholeheartedly," the signatories of the document say, adding that through this achievement, Sudan could play an historic role in resolving the problem of minorities in Africa.

Tanker under
repair at sea

Johannesburg, April 12.—Emergency repairs are being carried out at sea to the fully laden British supertanker Texaco Copentagen, which broke down off the Durban coast, to enable it to continue its voyage to Europe.

Gandhi faction
takes over
as Opposition

Delhi, April 12.—Mrs Indira Gandhi's breakaway faction of the Congress Party was today recognized as the official Opposition in India. The Lok Sabha (Lower House) accorded her party official status as the Opposition; the Rajya Sabha (Upper House) had already done so.

Mrs Gandhi, the former Prime Minister, split from the official Congress Party last January after failing to win the party leadership. The rapid emergence of her faction confirms that Mrs Gandhi is again a major political force in India.

Defections from the official Congress Party increased the strength of the India faction in the Lok Sabha to 71 seats. The official Congress was left with 68.—Reuter.

Kashmir quarrel, page 6

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BARCLAYS International

OVERSEAS

Mr Marcos admits 'irregularities' as he awaits election win

From Peter Hazelhurst
Manila, April 12

President Marcos of the Philippines today rejected charges that his regime rigged the country's first election under martial law last week. However, he conceded that supporters of the Government and the Opposition might have committed some "minor irregularities" at the polls.

Complaints by both sides would be investigated, but the Administration was not prepared to set aside the election result on the basis of a few minor malpractices, the President told foreign journalists tonight.

"We are now adding up the total number of votes affected by such irregularities," he said, "but things like false returns in one precinct certainly will not alter the results of three million votes cast in Manila during the elections. I cannot change the rules or results of the election."

President Marcos maintained he was trying to give the country a more liberal system of government. He referred to his promises that martial law might be lifted once an interim National Assembly with legislative powers was convened, but indicated that he might have to be more prudent in the light of the opposition's "disappointing" performance in the election campaign.

"What I had hoped to see was a democratic, non-violent opposition," he said. "If I had been in the Opposition, I would have engaged the Administration in serious debate. I was disappointed in the manner in which they used the election. They did not come up with any programme to correct our shortcomings. Instead they were utilized by subversives."

However, the President quickly went on to emphasize that martial law could well be lifted within the next year, despite the present upsurge of political tension in the country. The timing would depend on how the interim National Assembly functioned after it was convened.

President Marcos said he opposed the idea of a one-party state and pointed out that the constitution stipulated that three parties would be allowed to exist after a fully fledged assembly came into existence.

The latest election results indicate that the ruling New Society Movement will capture all of the 21 contested seats in Manila and the majority of the seats in the rest of the country when the final outcome is announced later this week.

The President's wife, Mrs Imelda Marcos, is expected to capture the highest number of votes in the capital. The leading opposition party, the People's Power Movement, led by the jailed opposition leader, Mr Benigno Aquino, is not expected to win a single seat.

In Manila the latest trends show that the New Society Movement will win 60 per cent of the expected 3,200,000 votes in the capital.

President Marcos claimed today that the Opposition was guilty of violating electoral laws. "We have a dossier here with the names of opposition people who bear our candidates and brought voters in from outside to vote in Manila," he said. "They also attempted to bribe voters. We will prosecute them after the election."

"Let us be frank," he went on. "It is not intervention if a high-ranking officer, just below Cabinet rank, comes to head of state and tells him to run this Government."

Mr Aquino, who is formally charged in court, and to demand that the Opposition should be allowed to speak out freely.

"If the reverse happened in the United States, would that not be called intervention in American affairs?"

India told it must end quarrel over Kashmir

From Richard Wigg
Delhi, April 12

Pakistan today told the Indian Government that the establishment of normal relations between the two countries was "undoubtedly linked" to a settlement of the Kashmir problem.

A gentle reminder came from Mr Agtha Shahi, foreign affairs adviser to General Zia ul-Haq, Pakistan's military ruler, during a press conference here today. His two days of talks have been going well as regards improving the climate between Delhi and Islamabad, he said.

The Pakistanis clearly do not intend to let the Indians conclude that their tactics of trying to ignore the disputed territory partitioned between them in three wars, will finally bring acceptance of Delhi keeping the greater part of a predominantly Muslim state.

Mr Shahi said he looked forward to a solution of the Kashmir issue reached in "a tension-free and amicable manner." But he had to admit that neither side had suggested any new formula for a settlement in the talks or recommended the dispute in a substantive way.

As Mr Shahi spoke experts of both sides were putting the finishing touches to an agreement in principle on the design and construction of the Sialkot hydro-electric scheme, which India has been hoping for the past eight years to build in Kashmir on the Chenab river at a point before it flows into Pakistan.

Mr Shahi said he hoped to sign the agreement tomorrow. As an expression of the better climate now prevailing on the sub-continent, Mr Shahi signalled to a settlement in the likelihood of a concerted Indo-Pakistani approach at next month's special session of disengagement of the United Nations General Assembly.

Mr Shahi reiterated the military regime's view that the question of Pakistan rejecting the Commonwealth should be left to the next "political" government.

Bolivia's leader rattles sabres to divert attention from a troubled economy and rising national debts

General Banzer takes a gamble

From Patrick Knight
La Paz

President Hugo Banzer of Bolivia seems to be contemplating desperate measures in an attempt to regain the initiative, and restore his falling grip on power. Two weeks ago, in a move guaranteed to stir most Bolivians, and denounced by his growing number of critics within the armed forces, he broke off diplomatic relations with Chile.

The move follows three frustrating years during which much heralded negotiations about a corridor to the sea, started by General Banzer as an historic frontier mission with President Pinochet in 1975, have come to nothing. Last week General Banzer said that hostilities with Chile were a possibility and both countries moved troops to the frontier region.

This can only be designed to distract attention from political realities. General Banzer knows that the unstable but ineffective Bolivian troops would be swiftly defeated by the better prepared, better equipped and very professional Chileans, as they were 99 years ago in the War of the Pacific.

Since he announced last year that there would be elections in July, General Banzer has been slowly losing the grip. The successful 19-day hunger strike by 1,500 people, calling for an amnesty for political prisoners and exiles, shook his prestige.

He now has to cope with the presence in Bolivia of his most ardent, acute and vocal political enemies, some of whom have been away for up to 14 years. In recent weeks, he has also been forced to make important concessions to groups of workers, notably miners and teachers, whose unions he had brought gradually under tight state control.

Although the business community reports that Bolivia has progressed significantly during the stable Banzer years, all they can show to back their case are several tall bank headquarters in the centre of La Paz—objects of awe for illiterate Indian porters—some blocks of

luxury flats and a few road improvements.

Little industrial investment has been made. The production and export of oil have declined and, in spite of enormous investments in agriculture in the east, General Banzer's home area, harvests of sugar cane, soya and cotton have hardly risen. The output of minerals has stagnated and revenue has been maintained only by high tin prices.

What has risen fast during the Banzer years is the national debt, now standing at \$2,500m (£1,315m). Most of the money has been spent on imports of big cars and luxury consumer goods, totally irrelevant to the needs of the 70 per cent of the population that still lives and works in the countryside.

General Banzer has tried to emulate Brazil's economic success. Most of the huge flow of funds into Brazil has resulted in increased industrial and agricultural production. It is estimated that only 20 per cent has been diverted into non-productive uses, an acceptable amount according to the loan agencies and banks.

In Bolivia the proportions have probably been inverted. The influx of so much cash, with hardly an embryo industrial sector to absorb it and no responsible agency to police it, has distorted the economy seriously. Few new jobs have been created and the cost of living has soared, hurting especially the urban middle class, which earlier supported General Banzer.

General Banzer has therefore found that much of his support has been seriously eroded during the past two years. Although he would dearly like to remain in power, his power base, even within the armed forces, is evaporating rapidly. It is the Army that is now pressing a reluctant president to keep to his electoral timetable.

A recent poll among officers showed that the majority are in favour of July elections. Many of the officers are concerned that the armed forces have been seriously damaged by so long a stay in power.

General Banzer's chosen successor was to have been Brigadier Juan Pereda, of the Air Force, his protégé. A lacklustre figure, Brigadier Pereda was to have been titular leader for four years, while General Banzer, who made himself Commander-in-Chief of the armed forces last year, would really retain power. He would have returned to the presidential palace in 1982, after several unpalatable economic measures had been taken by Brigadier Pereda.

But it is clear that, even with the most widespread use of electoral fraud, a common man would for Bolivian governments to win elections. Brigadier Pereda is unlikely to win. Even if he did, his would be an unacceptably weak government and would not last long. Although the centre and left have little time to rebuild their power bases, notably in the unions, a new and important challenge to General Banzer has emerged.

General René Bernal, Minister of Defence in General Banzer's Government until a few months ago, has been nominated as presidential candidate by the small Christian Democratic party. General Bernal has the advantage over General Banzer and Brigadier Pereda that he is of true Bolivian stock, in a country where race is still a factor. He is fluent in both Indian languages, spoken exclusively by the rural majority. It may well be that the parties of the centre and left, certainly not hostile to Christian democracy, will swallow their aversion to another military leader (he would be fifth in succession) and support General Bernal.

General Bernal has called for a voting procedure that would eliminate fraud effectively. This is the adoption of a voting slip with the names of all candidates on it, rather than separate slips for each candidate. In the past, only the slips for the government candidate were usually available at the rural polling stations. The others "failed to arrive." This is the reason why a change of government in Bolivia could be brought about only by violence.

Peasants enter embassies

San Salvador, April 12—Left-wing peasants marched peacefully into the embassies of Panama, Venezuela and Costa Rica here today and threatened to remain until embassy officials had issued a statement, critical of the El Salvador Government.

In a statement, the peasants said: "We ask the occupied diplomatic missions to intercede with the Government of El Salvador to stop the repression

of the people and immediately withdraw the Army, the police and the paramilitary groups from the occupied zone and allow the peasants who were forced to flee to return to their homes."

It added that the action had been taken by the Popular Revolutionary Block to protest against "genocide" committed by the military after political violence near the capital during Easter.

Army called in to put end to Quito riots

Quito, April 12—The Army was called in to restore order in the capital of Ecuador last night after days of violent clashes between police and students over a 40 per cent rise in public transport fares and the high cost of living.

During last night's disturbances, demonstrators put up barricades and started a series of fires. At least a dozen people were injured and a hundred arrests were made.

Transport has been virtually paralysed in Quito for the past 10 days because bus companies preferred to leave their vehicles at the garages rather than face the demonstrations.

The Government closed two high schools in the city yesterday and threatened more closures unless the disturbances cease.

A presidential election is due in four months' time—Agence France-Press.

Fashion from Paris

by
Prudence Glynn

Land of Hope and (sometimes) Glory

"The only thing missing is the horse." I remarked precipitately to Mr Kerr, quite singly sequestered in yet another hotel room. Fourteen collections later the horse turned up, a large, grey dapple beast which must either have been on dope or out of a circus to face the melee which attended the presentation of Kenzo Takada's newest and brilliant range.

As a matter of fact the horse did rather well out of the evening, since I noted a truck labelled *chevaux* parked right outside the hazardous tent which was this season's attempt by the French to emulate the Roman Colosseum—the smart place to get a limb torn off going in or out of. The two-footed audience shambled elsewhere as best they might. The horse is important because if Walter Albini hinted at the Habsburg collapse look last week in Italy, the French, or more accurately those designers who show in Paris, have gone overboard for scooped up skirts and tunics, sharp tailoring, accessories of whips and canes and preposterous chunks of costume jewelry. And they are playing Elgar like a tennis ball.

What does all this mock monarchical style mean? Kenzo rolled out a red carpet to show the most ravishing, huge faille frocks adorned, yes that is the word, with ludicrous orders and sashes and tiaras straight out of Covent Garden. Karl Lagerfeld, aping his betters with a collection both pretensions and sterile, covered drab dresses with hideous bunches of diamonds. Alas Sonia Rykiel, usually a lady with her own mind, did the same. She seems to have stumbled upon an unfortunate source of two-inch wide tapes which she applies unsparingly to everything from jerseys to evening dresses. They are stitched, ineptly, over the shoulder from breast to blade. They broaden, flatten and serve no purpose except to bore.

But are the designers saying that the recent elections went not far enough to the

right. Are they trying to oust the President? Are they warning, or yearning? Is it the envy of "less happier lands" for our island solidarity? Is it Mayerling, or Buckingham Palace?

The looks which matter. The toy soldier: Gold embroidery, stand up collars, swirling capes, funny hark belts, gaumlets, gold buttons turning back hems and cuffs. Clashing primary colours. Ivor Novello Ruritania. Pablo and Delia first off the parade ground.

The Empress Elizabeth crinoline riding habit: Kenzo even put his models into huge frizzled wigs scattered with stars. The crinolines are in faille, the riding habit look in wool or tweeds, a wrapped skirt gathered onto either hip—well the designers probably do not care—worn over narrow breeches or jodhpurs.

Coats: The return of the overcoat. Square shouldered and spivvy, raglan sleeved and with a touch of the drole queue, wrap and clutch circular (Muriel Grateau).

Suits: Near and nice schoolboy (Grateau), extremely pretty (Valentino). His suits have a long jacket and a beautiful cut inset band at the waist which lets the back blouse very gently.

Dresses: The little black dress, any shape you care to think up. Length: Any length you care to think up. Colour: Crude primaries used all together, or black and cream.

Fabrics: Satin, faconné, flannel, cheviot tweeds, in knits, mohair and angora, shredded with gold (superb at John Ashpool).

Faces: Edwardian plump, so forget the double chin operation until next year. You will need to anyway, to afford next year's clothes. Charming glitter effect on the cheeks, by Revlon for Valentino.

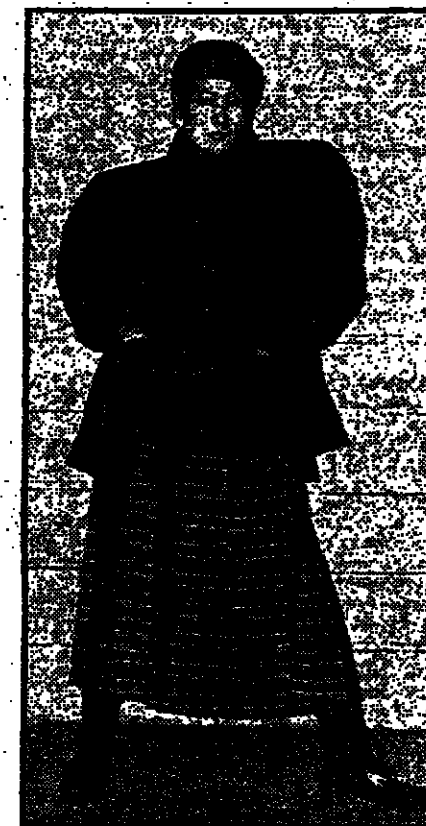
Trousers: With everything. Narrow under tunics, huge and baggy and ending at the knee, the Dutch boy sort of pants semi-buried at the ankle (Lagerfeld) with or without turnups, cut off short at the ankle.

Silhouette: Voluminous or stout slim, but mostly voluminous. The Japanese manage volume best, as Kenzo and Yuki and Issey Miyake prove. Very little see-through, but plenty of "unintentional" revelations. Bras are off. Very aggressive big shoulders.



Pictures: Harry Kerr

Above: Silk crepe de chine mini slip dress, edged in satin. By Yves St Laurent.
Top right: Big American footballer shoulders on a ribbed velvet overjacket. France Andreiev.
Right: Toy soldier. Scarlet jersey tunic, gold embroidered to look like frogging, circular double jersey cape in prime blue and grass green. Kenzo Takada at Jungle Jap.
Below left: Baggy tweed trousers and brief jacket, waistcoat in tweed. Cummerbund waist. Kenzo Takada for Jungle Jap.
Below centre: The Empress Elizabeth riding kit look. Plaid breeches and habit. Pablo and Delia.
Below right: Regal faille.
Cream taffeta evening dress by Kenzo Takada at Jungle Jap.



THEATRES

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8 P.M. Dine/Dance: 9.30
RAZZLE DAZZLE
and at 11. MADRID

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We are seeking an additional Secretary for our Director-General. This is a prestige, exciting and responsible situation in a friendly office.

We need someone with fast, accurate shorthand-typing who doesn't mind occasional audio work, who can spell, has a pleasant and competent telephone manner, some initiative and, most importantly, a sense of humour. No filling is involved. We don't mind how old you are but would expect you to probably have 'A' levels or equivalent and at least two years' secretarial experience.

We are in a very pleasant area next to St. James' Park, access by tube, bus and rail is very good and there are plenty of shops - and our two best-known art galleries - within easy reach. We give four weeks and two days holiday each year, have a subsidised restaurant, pension scheme, season ticket loans and other benefits.

Salary would be negotiable, around £4,000 p.a.

Please ring Jane Hopkinson on 930 6711 to hear more/for an application form - or write to her at
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We are a U.S. Brokerage firm requiring an individual to work approximately 50 per cent on secretarial duties (including shorthand) and 50 per cent on administrative work (for which you would need to be good at figures). Job requires hard work and flexibility and is interesting.

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As P.A. Secretary to M.D. of multi-national V.I.P. Co., you will be given every opportunity to advance your career. Excellent salary and benefits. For further details contact:
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Spanish/English Secretary 25-35 with shorthand and English and preferably Spanish for E.C.2 Bankers. Excellent fringe benefits.

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Stockbroking Partner, E.C.2, requires Secretary with short hand and Audio. 25-30. 2 bonuses a year.

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Secretary shorthand typist, 25-30, to audit manager of European Bankers. E.C.2. 4 weeks hols. 50p L.V.s, mortgage facility, bonus, etc.

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Experienced responsible Secretary/PA to a small international company with luxury furniture, interior design, etc. If you are young or a college leaver, this is a great opportunity to learn the skills to run a business and to progress into a senior position. Good salary and benefits. Contact us now. Call 01-222 5091.

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Lively young Secretary/Receptionist, no shorthand, to work for a small Merchant Bank close to Fleet Street in a friendly, convivial office. Smart appearance, mature approach and a sense of humour essential. Salary £3,500, free lunch and other fringe benefits.

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Bilingual secretary (French or Italian) aged 25-35 with shorthand and typing skills and some experience for leading language school. Excellent salary and benefits. For further details contact:
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£5,194-£5,500 p.a. inc.

This post will become vacant in June when the present Mayor's Secretary retires. Applicants should have a wide knowledge of ceremonial and civic procedure, preferably in local government. The Mayor's Secretary is responsible to the Town Clerk and Chief Executive for ensuring satisfactory arrangements are made for mayoral functions, including receptions, visits to local and national organisations and the many important mayoral engagements associated with the Borough.

The Royal Borough of KENSINGTON AND CHELSEA

Applications quoting Ref. T/423 stating age, qualifications and full details of experience, etc., together with names and addresses of two referees, should reach the Establishment Officer, Dept. 151, The Town Hall, Hornton Street, Kensington, W8 7ND. Tel. 01-937 8562 (24 hour answering service). Application forms to be returned by 28th April, 1978.

WEST END MANAGEMENT CONSULTANCY

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We need an experienced Secretary with superior typing skills who can also handle bookkeeping, take the initiative in matters of office management, deal with clients, visitors and suppliers, operate Tels, and in general be indispensable. French and Arabic desirable but not essential. Goldfield self-correcting typewriter.

We are a small but growing office. Our work is very international and the office atmosphere is open and friendly, yet professional.

Salary negotiable at £4,500 +. Please write to us with summary of past experience.

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£5000+

Secretary to the French Managing Director of a private Merchant Bank in E.C.2. Good formal skills as well as administrative ability and the ability to deal with visitors. Fluent French essential. Age 25-35. Good fringe benefits.

PA/CITY

c. £5200

A small but successful property company in the City need a Secretary/PA. Must have good shorthand and typing skills and be able to operate a word processing system and supervising the secretarial support staff as well as acting as a personal secretary to the Managing Director in his office in-house lunches - 4 speeds of 100/60. Age 25-35.

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age 25+

required for Commercial Director of well known London based Record Company. Usual secretarial skills required.

Monthly paid position with good general conditions of employment consistent with a large organisation.

Please telephone

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The Deputy Managing Director of this luxury retailing group is looking for a first class Personal Secretary/PA. This is a busy post offering a wide variety of duties and responsibilities. Age mid-20s. Excellent salary by negotiation. Free lunch, staff pension fund and other benefits.

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for Middle East company. London based in very luxurious offices. Must be of good educational background and able to use own initiative. Tel. shorthand and typing essential. Age 25-35 years. Salary £3,500+ negotiable. Please telephone Mr. Salam on 491 2899 for appointment.

BORN CO-ORDINATOR

C.£4,500

N.W. LONDON

Are you the systematic and efficient person who can co-ordinate the Executive Director's office? If you are, we have a great opportunity for you to become an integral member of a professional team. This is an opportunity to work in a dynamic and exciting environment. Salary £4,500 p.a. Car driver. Age 25-35. Car driver.

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NEEDED, S.W.1.
Must have shorthand and typing. Excellent references imperative. £3,500-£4,000. Phone 01-581 3201.

SIX MONTHS IN ST. TROPEZ

U.S. Writer seeks highly proficient Secretary, posted May 15-November 15. Salary £2,500 per month, plus use of private apartment on property provided. Knowledge French and driving license helpful.
Applicants ring 584 6385.

SALARY NEGOTIABLE TO £5,000

According to experience. Chairman, West End Co. Top level position. For further details contact:
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24 Beauchamp Place, SW3. Tel: 581 2977

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Salary c. £3,750.
Tel: 01-272 2000

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American marketing organisation, trading in pulp and paper and located in WC2 area, needs two well-qualified secretaries for Directors of U.K. operation, and Director of European Operations.

Main requirements, other than high professional competence, is liking for 'small office' environment, with flexible lines of responsibility. Languages definite plus, but not essential.

Salary about £4,500 p.a.

Phone: Pam Halliday
01-242 1731

Antony Gibbs Holdings Ltd.

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A qualified secretary required to assist in the Chairman's office. Must have good "O" and "A" level passes including English. Secretarial Diploma from a recognized college proving accurate shorthand/typing (120/45) essential should be well spoken with good telephone manner.

Age 18+. Salary dependent on age and qualifications. Hours 9.30 a.m. to 5.30 p.m. L.V.s £2.50 per week.

Applications in writing with c.v.s should be sent to:

The Personnel Officer,

Antony Gibbs Holdings Ltd.,

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Can you do it in two languages?

£4,500

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Only English shorthand required for all these posts. Ring Liz Gerton for more details.

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U.S. Attorney and U.K. Solicitor (both young) of U.S. International Oil Services company require bright Secretary with at least 3 years experience (legal not essential). Fast and accurate shorthand and typing. Own office and IBM Golf ball typewriter in new accommodation with other head office staff in Hanover Square. Salary up to £4,000 per annum. L.V.s, 4 weeks holiday.

Please Phone
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of a professional society near Temple station. To deal with committee work, willing to work as part of small team. Good education, shorthand and typing with general office experience. Age not under 25. £4,000 p.a. Luncheons provided. 9-5. Good holidays and conditions.

Tel: 01-353 2259

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£4,500

The cultured and debonair Japanese Merchant Bank is looking for a mature, well educated, PA/Secretary who will take an active interest in all aspects of his work. So previous banking experience or a desire to learn about this field is vital. An excellent command of written English, good secretarial skills and the polite, personable and sympathetic to act as confident to junior staff - if you've got all that, we'll think you're special. PLEASE RING to arrange interview.

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Go ahead shorthand-typing with rapid response for busy estate agent. Good telephone manner essential. Good salary. £4,500 p.a. + fringe benefits. Ring David Silver 584 1210.

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A top secretary required for the Director of an international record company. Excellent skills and work experience essential. £4,500 p.a. + fringe benefits. Ring Nigel Shaw 497 0124 0125.

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Overseas Sales Director of security printing company in New Zealand requires personal secretary to work in friendly but busy department. Responsible position involving work of a highly confidential nature including liaison with customers etc. Good secretarial skills and accurate shorthand. Knowledge of French useful. Successful candidate should start in June but interview necessary before end April. Salary £4,000 p.a. Contact Penny Russell 347 3271, ext. 16.

PER Top Jobs for Executive Secretaries Top People

Personal Secretary W1

FLUENT FRENCH and secretarial skills form for this unusual post. The ability to organise a town flat and a country house is essential. The successful applicant will be capable of alone, flying to Paris to check a purchase with craftsmen and generally smoothing all. A mature, pleasant person, probably over 30, trained at a well-recognised Secretarial College, a stable background is the ideal candidate.

Contact Miss Angela Moriarty 01-23

Colnebrook

The Managing Director of a thriving catering needs a P.A. to assist in all aspects of the typing is essential and shorthand would be useful. Duties include the recruitment of staff, dealing with Banks and Solicitors, ordering equipment and becoming the MD's memory. Assistance with local politics will also be involved and the successful candidate will be varied in scope. Non-Comm. Scheme. Own Office.

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Applications are welcome from both men and women.

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Secretary

to the President

We are sorry to be losing our President's secretary in this interesting but demanding post and are invited to fill the vacancy. Duties include: correspondence, appointments, travel arrangements, preparation of papers for the many meetings, etc. The post is a busy one but offers the satisfaction of working with a highly respected body and typing speeds are essential. The successful candidate will also be required to demonstrate an ability to deal with people at a senior level both inside the college and outside. A starting salary between £4,000 and £4,500 p.a. will be dependent on age and experience. Other conditions of employment include: excellent pension scheme, free lunch, use of the house and four weeks' annual leave on approval. Applications to The Secretary, RCOG, 27 Sussex Place, Regent's Park, London NW1 (from whom further information may be obtained).

ADMIN ASSISTANT/SECRET

c. £4,000

Financial Director of large W1 advertising agency seeks 'someone' (25-35) with initiative and administrative skills for administration who could cope with meetings, personnel and who can use the secretarial skills when required. Friendly atmosphere with lots of variety.

For further details PLEASE TELEPHONE
MRS BARKER on 493 8455 or WRITE to H
BATTEN BARTON DURSTINE & OSBORNE
25-27 ST GEORGE STREET, LONDON W1

A PLACE IN THE SUN

Based in SHARJAH U.A.E. Sec./P.A. to Director Import/Export (Shorthand not essential) required to travel world wide. Must have driving licence, Licence, Licence accommodation, + car, + tax free salary. Age 24+.

Contact Margaret Baird 493 8901, Ext. 34

COLIN TRAU LTD.
Staff Consultants.

INTERNATIONAL BANKING, E.C.2

Work in beautiful modern office, as Secretary for Vice President of a Bank. Important clients and work. Salary £4,000 a.o.

Seamus Hamilton Personnel
33 St. George's Street, W.1
499 5387/7.

SECRETARIES FOR BRUSSELS

Leading multi-national organization are currently recruiting for secretaries age 19+ with and without French shorthand. Secretarial prospects for advancement. Use of own initiative. Excellent salary £3,000-£3,500 p.a. + fringe benefits. Contact Seamus Hamilton Personnel 499 5387/7.

EXECUTIVE SECRETARY

£5,000

Location - London

Company - International

Knowledge of essential

Telephone LEIGHTON 5 (02523) of Evening

Salary £5,000-£5,500 p.a. + fringe benefits. Telephone 01-235 9964

Salary £5,000-£5,500 p.a. + fringe benefits. Telephone 01-235 9964

Salary £5



—Managerial—Administrative—Secretarial—Personal Assistants—

Holdings Limited

Senior Secretary

100 p.a.

Looking for a first class Secretary to work for the New Product Services Division, based at West N.I. Candidates should have excellent skills, preferably have reached 'A' level and be capable of working without supervision and varied job which demands accuracy and the ability to deal with technical/scientific liaison with senior executives, receiving incoming travel and meetings.

Salary including Supplement and London will be negotiable around £4,000 p.a. range and experience. The company offers conditions of service, including a Season Ticket and subsidised restaurant and profit sharing.

For further details, please contact Angela Redman, Personnel Manager, at 01-493-4060 ext. 237.

Angela Redman, Personnel Manager, at 01-493-4060 ext. 237.

SECRETARY

Salary negotiable

As Director of the Exel Group of companies a capable Secretary to provide him efficient and accurate secretarial service, certain amount of general administration, having excellent secretarial skills, candidate between 22 and 28, should be of a smart and should have had previous experience as a senior executive level.

Positions are in pleasant surroundings and weeks' holiday, season ticket loan scheme, pension scheme and subsidised restaurant.

For information please contact Angela Redman or write to:

Personnel Manager, Exel Group, 48B, East Harding St.

ITALIAN BILINGUAL

250 + Mortgage Facilities

convenient bank needs an unambitious, person to occupy a comfortable and prestigious position at Director level, English mother tongue, Age 25-35.

EXECUTIVE SEARCH

£4,500

With good social and technical skills is needed for a position in this research oriented firm based in the City. The atmosphere is exclusive and the pace is sedate.

Angela Mortimer Ltd
Recruitment Consultants
166 Piccadilly 499 5378

Senior Secretary

French £5,000

at Bank in the City. Age immaterial but must be accurate and have good short-

details ring 01-493-4060 ext. 237.

RECRUITMENT CONSULTANTS

£5,500

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EXECUTIVE SECRETARIES LTD

AUDIO/P.A. SEC.
£4,300 + BENEFITS

General Manager of well established Sales Promotion Company needs a complete "right hand" for this hectic and busy office. Must be level headed and able to take all things in their stride. Would only suit person living in London or very flexible commuter, because they are moving within London area and haven't settled on premises as yet. Age 20+.

SEC./P.A., W.I.
£4,500

The group M.D. of a Marine Services Company needs a good P.A. The job involves usual secretarial duties, office admin., meeting and greeting people, some personal work and possibly a little travel within the U.K. Necessary requirements are a warm and friendly personality, flexible attitude, plenty of initiative, previous experience at senior level, and prefer not a long distance commuter. Shortlist and typing necessary. Age mid 20s to early 30s. Ref 1

BILINGUAL EXEC. SEC.
WEMBLEY £4,000-£4,500

Chairman/M.D. of International Company needs a P.A. with fluent French and/or German to work closely with him in all aspects of his responsibilities. Must be excellent organiser, possess tact, initiative, and be extremely well grounded as there is a lot of liaison in this busy position. Shortlist and typing necessary. Age 28. Ref 3

SEC. P.A., S.W.7.
£4,500 +

Director of Planning for a Multi-National Company requires a competent P.A. to help him with his U.K. office. 1 day/10 hrs. admin. recruit new assistants, attend meetings etc. Must have good admin. background, approx 5 years experience at senior level and be flexible and well grounded. Able to start at West German and/or French an asset. Shortlist/typing necessary. Age late 20s to 30s.

We also provide short term assignments for Secretaries who are looking "for the right job"

629 7388

Secretary/Translator

to £4,800

English into German; English into Italian.

We are the administrative headquarters, located in central London, of an investment management group with worldwide clients. We seek someone expert in translating non-technical documents and correspondence from English into German and Italian. The successful candidate will work closely with the group Chairman and the local Managing Director and must therefore be capable of taking English dictation at min. 90 w.p.m. and typing at min. 50 w.p.m. The selected applicant would also spend part of the 37 1/2-hour week liaising with the Marketing Administrator. No previous marketing experience required. Starting salary neg. to £4,800, depending upon experience. Four to five weeks holiday p.a., £2 per week LV's. Salary review semi-annually to compensate for inflation factor and individual merit performance. To start as soon as possible.

If you feel you have the qualifications specified above, you are invited to send a type-written c.v. along with a covering letter (including phone contact) to Ms. C. Dreier, Colonial American Group, c/o Noram Administrative Services, Noram House, 22 John Street, London WC1.

AREA CONTROLLER/STAFF BUREAU

If you're doing a good job for a Staff Bureau at present, you may be wondering where you go from there.

How about a top job as an Area Controller with a leading Recruitment Company.

Our clients are looking for a top staff finder who will receive an earning potential of at least £7,500.

You'll have control of a number of top West End branches. You'll be enthusiastic, imaginative and have the ability to maintain control and motivate staff, no matter how busy.

So your past record must be good.

The successful applicant will receive a top salary, profit sharing, plenty of scope and the chance to really improve their future prospects—and earnings.

Replies, which will be treated in the strictest confidence to M. S. Recruitment, 16 Goudge Street, London W18 1FF.

£5,000

£4,250

£5,750

£4,000 neg.

NO SHORTHAND? Career opportunities in sales and marketing. For this friendly W.I. Co. need good typing skills necessary.

TRAVEL INDUSTRY experience an asset in this post as you will be responsible for flight and hotel bookings of senior executives with this prestige W.I. Co.

BOND ST. BUREAU

(Recruitment Consultants)

629 3682

629 0641

P.R. ASSISTANT

A wonderful opportunity for someone with a good P.R. background to assist the Director of a small W.I. Co. in the City. The job involves a variety of interesting and challenging tasks, including public relations, media work, and general office duties. Shortlist and typing are of importance. If you are interested, please send your cv to: P.R. Assistant, 437 5811 or 437 5812, 13th April.

GRADUATE GIRLS/MEN

Recruitment Consultants

54/52 Regent Street, London, W1

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£3,500 + CAR

Small company situated in the City. The job involves a variety of interesting and challenging tasks, including public relations, media work, and general office duties. Shortlist and typing are of importance. If you are interested, please send your cv to: P.R. Assistant, 437 5811 or 437 5812, 13th April.

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National Telephone Sales Manager

up to £6,500 p.a. + car

Schweppes Limited

need an exceptional man or woman to ensure that all of their 24 Telephone Sales Departments operate professionally. This is a new appointment. As well as being energetic and enthusiastic you should be:

- Numerate and able to evaluate various cost options
- Experienced in telephone selling
- Able to control, train and motivate telephone sales staff
- Prepared to be highly mobile
- Between 25 and 45
- Able to achieve results in an advisory capacity.

For further details and an application form ring Nick Holker on 01-589 1444 Ext. 348.

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STAYING HOME

A major holding company operating from a beautiful house in the City. The job involves a variety of interesting and challenging tasks, including public relations, media work, and general office duties. Shortlist and typing are of importance. If you are interested, please send your cv to: P.R. Assistant, 437 5811 or 437 5812, 13th April.

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-Stepping Stones-Non-Secretarial-Secretarial & General-Tempting Times-

NON-SECRETARIAL

50 + 60 + 25
£'s PER WEEK

Your vital statistics made up of basic, Commission and bonus. These are average figures achieved by people who enjoy their job with us.

If you would like to earn this sort of money—we can provide the training necessary to achieve your aim. We are a well established company based in Hammersmith.

Call us to find out more about the job. We want to hear from anyone aged 25-35 who has a good speaking voice and an 'O' Level standard of education.

Telephone 01-741 1231, Ext. 250 or 259
between 9.15 a.m. to 5.00 p.m.

Grafts Advisory Committee LIVELY ORGANISER

The Grafts Advisory Committee helps promote the work of Britain's artist craftsmen. Due to recent expansion we are now in need of someone to organise the day-to-day administration of our office—someone who can fit easily into our young team.

Your day could involve organising and arranging catering facilities, liaising with electricians and cleaners to ensure the building is properly maintained, dealing with petty cash and travel claims—and many other things which will help to ensure our organisation runs smoothly.

The starting salary will be in the range £2,401-£4,256 p.a., on a scale, rising to £4,513 p.a. There are 4 weeks holiday a year and a contributory pension scheme.

If you feel your job could suit you—and if you have a good general education plus a flexible attitude—please phone Mrs. Ward on 01-839 8000, ext. 88 (after 9.30 a.m.) or write to:

The Crafts Advisory Committee
c/o Design Council
28 Haymarket, London, S.W.1.

WOMANS OWN A HOME ECONOMIST

With 2 or 3 years' home economics training. This position would suit a lively, creative person interested in leading and being led for magazine features and working on new ideas or products.

Apply Miss A. Barker
Cookery Editor
261 7075

RESPONSIBLE MATURE PERSON

needed by small, successful PR company specialising in communications in the food industry.

Successful applicant will provide the basis for the smooth and efficient running of the business by receiving clients and visitors, handling a small switchboard, providing secretarial and clerical back-up to a small, friendly team, and assisting in administrative matters. A high standard of typing is vital. Hours approx. 9.30-5.30 (would suit person returning to commercial life). Salary neg. Apply in writing to: Mrs. L. Bland, Max Radcliff Ltd., 177 King's Cross Road, London, W.C1, giving brief details of background and experience. Or tel. 278 1021.

RECEPTIONIST

For large Ad Agency
If you are a calm, self-assured man or woman and have the experience to become a receptionist in one of London's most successful major Ad Agencies, there's an attractive opportunity waiting for you.

For further details ring Maggie Shuck, 01-580 6690

ADVERTISING AGENCY in COVENT GARDEN

requires
JUNIOR RECEPTIONIST
Must have good typing, friendly atmosphere, 9.30-5.30. Salary negotiable. Ring Michael Peart, 01-585 5921.

CLERKS

required for 6 months-1 year in the City area. Experience in banking, computer or accounting work an asset. Good pay, holidays, bank holidays. Apply to: Mrs. M. H. Jones, 01-355 3342.

MANPOWER THE WORLDWIDE SERVICE GROUP

INTERVIEWING / NEGOTIATOR—Bright, energetic person required to join staff of our leading office agency, W.I. Salary and commission £2,500+. Phone 229 1800.

QUALIFIED experienced kindergarten reception class teacher required for September, 1978. South of Spain. Telephone 01-903 2030.

ADMIN ASSISTANT (intermediate), W.C.1. To assist in the running of a small business. Good pay, holidays, bank holidays. Apply to: Mrs. M. H. Jones, 01-355 3342.

RECEPTIONIST / NEGOTIATOR—Bright, energetic person required to join staff of our leading office agency, W.I. Salary and commission £2,500+. Phone 229 1800.

QUALIFIED experienced kindergarten reception class teacher required for September, 1978. South of Spain. Telephone 01-903 2030.

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ADMIN ASSISTANT (intermediate), W.C.1. To assist in the running of a small business. Good pay, holidays, bank holidays. Apply to: Mrs. M. H. Jones, 01-355 3342.

Personnel-Audio £3,700

A bright intelligent Audio Secretary with shorthand or speed-writing is sought by this well known Department Store for their Personnel Department. This super job is varied and interesting with great promotion prospects. Terrific benefits—5 weeks holiday, generous shopping discount, and Xmas bonus. Ring Joan Salter, ALBEMARLE APPOINTMENTS Recruitment Consultants, 31 Berkeley Street, W1 01-495 3712

Small W.C.2 Design Group require

**BOOK-KEEPER/
SECRETARY**
Full responsibility for all office systems. Simple book-keeping PAYE and VAT. Salary negotiable. 01-636 0414.

DIRECTOR'S SECRETARY

Our home sales Marketing Director requires an experienced secretary who, apart from routine tasks, will have particular personal responsibilities such as running the charitable Benefactor Club. The successful candidate should have:

- A first class secretarial background with good shorthand.
- Previous experience at senior executive or director level.
- An attractive personality.
- Good mixer with good organizing ability.

Salary £3,824 per annum.

In return we offer a non-contributory pension scheme, free life insurance, flexible hours, subsidised canteen, and season ticket loan. You should phone Mrs. Savage for further details and interview.

James Burrough Limited

Distillers of Beefeater Gin
Beefeater House, Montford Place,
Kensington Lane, London SW8 5DF
Telephone 01-735 8131

SECRETARIAL

Prefer to work locally and avoid West End commuting?

VICTOR INTERNATIONAL PLASTICS (LONDON LTD.)
50 Somerton Rd., London NW2 1RX

requires a

SECRETARY

for the Managing Director and Sales Manager. We are a lively plastics company working in modern surroundings, shorthand and typing essential but plenty of opportunity for mercurial involvement.

Salary range up to £3,500 p.a. depending on age and experience. Please write or phone in first instance to

Gillian Dow,
VICTOR INTERNATIONAL PLASTICS LTD.,
2 Old Brewery, London NW3 1PZ.
01-794 0281

Major International Music Publishing Company with offices in the West End require a

SECRETARY

to work for their Business Affairs Manager. Applicants aged 22+ must have first class audio typing and at least 6 months legal experience. A pleasant personality and ability to get on well with people is essential. Please write giving full details of age, qualifications, experience and current salary to:

Miss B. Smith, Chappell & Co. Limited, 50 New Bond Street, London, W.1.

WORK WITH STYLE IN KENSINGTON

SJA are an Advertising Agency in Kensington and we are looking for a Secretary to a Senior Account Director and Shorthand Typist for two Account Executives. We promise the work won't be dull as we are a busy Agency with some interesting clients.

If you would like to come along and meet us to find out more, please give Diana Ford a ring on

937 8100

to make an appointment.

THE BRITISH NATIONAL OIL CORPORATION OPPORTUNITY IN OIL

We have an immediate vacancy for a
Junior Secretary/Receptionist
to work in the DIRECTOR'S SUITE of very pleasant offices in St James's overlooking Green Park. A good educational background. First class shorthand/typing skills and at least one year's experience is required. Working conditions are excellent and a salary in the range £3,400 to £3,600 is offered. Preferred age 18 to 24. PLEASE TELEPHONE MARGARET SOUTHWATE ON 01-839 7680.

COLLEGE LEAVERS

WHERE DO YOU GO NOW?
WHICH IS THE RIGHT JOB?

How much can you expect to earn?

Come along to our Open Evening at the Café Royale, Regent Street, Thursday 12th April, 6-8 pm. To find out the answers or a glass of wine in a friendly informal atmosphere or phone Janice Sherman, 047 5511.

GRADUATE GIRLS/MEN
24/22 Regent Street, W.1.

PUBLIC RELATIONS

Two Secretaries

To work on beauty, champagne, travel and food accounts. Exciting work, friendly company, generous salary and a great deal of job satisfaction.

Ring Miriam Henderson,
Kingsway Public Relations,
01-242 2522.

INSTITUTE OF ARMENIAN MUSIC

Seeks an experienced secretary with knowledge of music and sound administrative abilities including ability to take charge of office who chairman is overseas. Salary is up to £4,000 depending on experience and ability. Please apply in writing with qualifications to the Institute of Armenian Music, 32 Kensington High Street, London, W.8.

SWEDISH LUXURY IN KNIGHTSBRIDGE

Be that someone special in a small firm of Swedish Architects and Furnishers in Knightsbridge. You will be responsible for the day-to-day running of the office and for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

LANGUAGE INSTITUTE

The Director of Course Planning requires a secretary to deal with the day-to-day running of the institute. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

EDITORIAL SECRETARY

able to organise and support the editorial staff in the preparation of the magazine. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

BILINGUAL SECRETARIES

Two young bilingual secretaries required for a small firm of translators. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

COLLEGE LEAVER SEC. needed by

various firms. Lots of client contact. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

SECRETARY

for a small firm of translators. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

CONSULTANT POTENTIAL?

Join a growing group with big potential. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

YOUNG LITERARY AGENT with

distinction from W.C.1. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

DESIGN & ART DIRECTION require

young secretaries for small firms. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

CHARITY ORGANISERS seek lively

people to work on fund-raising. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

SECRETARIAL APPOINTMENT

also on pages 12 and 13.

PRIVATE SECRETARY

Audio

required for Deputy Chairman of large Public Company

Good knowledge of French an advantage. Able volume of private work. Salary up to £4,000 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

C.V.'s to: Box 9841, Walter Judd Limited, (Incorporated Practitioners in Advertis), 10 Bow Lane, London, EC4M 3EL.

COURSES DEPARTMENT

The Institute of Chartered Accountants in England and a substantial programme of courses and conferences. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

A Conference Assistant

is required to prepare and assist in the running of conferences. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

Please write to Mrs. M. Ware, Chartered Accountants Hall, 100 Abchurch Lane, EC4N 3JF.

GRADUATE GIRLS/MEN

Come along to our Open Evening at the Café Royale, Regent Street, Thursday 12th April, 6-8 pm. To find out the answers or a glass of wine in a friendly informal atmosphere or phone Janice Sherman, 047 5511.

GRADUATE GIRLS/MEN
24/22 Regent Street, W.1.

JOAN WILKINS APPOINTMENT

01-286 0115
Recruitment Consultants

Orbis Publishing Ltd. Secretary to the Editorial Dept.

Interesting and varied work on the Orbis Publishing Ltd. Editorial Department. The successful candidate will be responsible for the smooth running of the business. Salary is £3,500 p.a. plus benefits. Apply in writing to: Mrs. M. H. Jones, 01-355 3342.

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NEW BOOKS

A narrative of greed and disaster

Michael Ratcliffe

Red Gold
By John Hemming
(Macmillan, £9.95)

"He had a great vessel full of human flesh in front of him," wrote the German gunner Hans Striden of the chief who had taken him captive.

and was eating a leg. He held this to my mouth inviting me to taste it. I replied that even beasts did not eat their own species. . . . But he took a bite, saying: "I am a jaguar: it tastes good."

The Portuguese, for whom Staden managed the artillery defending the harbour of Santos, had arrived on the north-east coast of Brazil in 1500. The first party ashore was enchanted by the native Indians, and they with them: there was laughing, skipping and jumping; feathers and paint among the tubers and the plant of metal on the beach. The territory fell neatly within Portugal's share of the world beyond Europe as defined by the Pope in 1494, and a few of the maritime traders, who had been on their way to India, decided to stay.

They believed that the Indians, despite their ritual eating habits, would make perfect subjects for conversion to Christianity and manual labour. Both suppositions were wrong—so much conversion, eagerly undertaken, was written in the sand, and the Indians, maddeningly self-sufficient and short on greed, saw little point in working for anyone else—but in their disastrous persistence lies the history of Brazil in the early modern period and the whole subject of John Hemming's handsome, painstaking and scholarly book.

It is an important, if remorsefully dispiriting, one, but it is not, I think, best approached by the general reader in such detail and at such length (676 pages, including index, glossary, bibliography and exceptionally extensive notes). It is not Mr Hemming, but his subject, that falls.

For the pattern of Portuguese colonialism in South America, with brief but fascinating interludes by the more responsive French and Dutch, repeats itself with singular predictability from the landfall to the expulsion of the

Jesuits in 1759, where Mr Hemming's first volume ends (a successor will complete the story to the present day). From the coastal stations to the inland plateaus and the Amazon basin the sequence is the same: contact is followed by fighting, conquest, conversion, disease and extermination. The deadlock between Christian liberty of body and soul, as preached and as far as possible practised by the Jesuits, and the economic necessity of slave labour as demanded by the settlers, was absolute and never broken for long: when the Jesuits gathered their Indian converts inside the missions, the white *bandeirantes* from São Paulo and elsewhere raided the missions.

Three times the Government in Lisbon passed noble and enlightened laws declaring slavery immoral and illegal—a century and a half before Wilberforce—and three times political pressure from traders variously in brazilwood, sugar, cotton, cattle and gold killed them within five years. It is bitterly ironic that the freedom of the Indian slaves finally came about through the fanatical logic of the European Enlightenment which kicked the Jesuits out and told the Indians they could now look after themselves. It was too late: no longer the gentle and savage children idealised by Ronsard and Montaigne, they could not do it. Yet without the very positive help of the tribesman—fighting for them against each other—the Portuguese would never have conquered Brazil at all.

European and African diseases, says Mr Hemming, above all smallpox to which they had no resistance, did more to destroy the Indians of Brazil than fire, sword, extortion, raiding or any other single cause. From uncountable millions—Mr Hemming hazards 2,431,000 in 1500 but says the figure could have been very much higher—fewer than 100,000 survive today. . . . there can be no question that an appalling demographic tragedy of great magnitude has occurred."

Of course not. But what about the book? What about *Red Gold*? Mr Hemming sows down fresh catastrophe as though it were surprising. "The situation in the conquered territories was not a happy one,"



A recently contacted Tupi tribe.

he writes of the hinterland on page 350, and, a little later, the cattlemen had no sentiment about the moral right to treat Indians well." The reader, however, is not surprised: by that time he has long ceased to expect that it might be or that they would.

As a historical record in English, never a language overstocked with significant matter on Latin America, the book is invaluable, but even as a synthesis and narrative history, it would benefit from further reduction of both argument and example. The European literary sources of the 16th and 17th centuries—there are, of course, no Indian ones—are few, but rich and tempting, and perhaps as much as 20 per cent of *Red Gold* comprises brief extracts from these sources. Mr Hemming eschews the colon and the devices of "said" or "wrote", preferring to embed the extracts, clearly between quotation marks, in his paragraphs. All references, without exception, are at the back of the book. The reader is thus invited to

read Mr Hemming's narrative, like a mosaic composed of many hands beside his own, continuously. This is the technique used in *The Conquest of the Incas* (1970) and it works well enough until your curiosity as to the source of a quotation becomes uncontrollable: you then dive to the back, digress pleasantly as the thread of the narrative falls from your hand. The chief of the rare documents of the book to me has been the rarely documented Indian and outstanding European figures—among them Anthony Knivet, the Plymouth mercenary whose adventures with the Portuguese and Indians were spectacular even by sixteenth century standards; Nobrega, the first, and Vieira, the most awesome, of the Jesuit leaders—and, the immediacy, even sensuousness, with which Mr Hemming writes of what he has personally seen: the Brazilian environment itself. A delight in and love for the territory and its remaining people are evident throughout.

In this he reminds me most of Alexander von Humboldt whose courage and curiosity in the exploration of South America fall just outside the chronological scope of this volume. Within it, the author's approach perhaps most matches those of the two French priests, who, dazzled by the fierce beauty of tribal fighting, lived among and talked to the Indians. Instinctively they managed to ask the right questions—something the Portuguese, their minds bent upon little but cargoes or souls, never got round to doing. I observe that the French "about in riches" remained Chief Inacoupe to Yves d'Évreux in 1613.

ships that cross the seas, cannon and powder to kill men invisibly, are well dressed and fed and are better off than the natives, who, contrary, have remained errant vagabonds, without axes, scythes, knives or other tools. What is the reason for this?"

The next question was even more devastating and impossible to answer. "You tell me that God sent you. Why did he not send you sooner?"

he first became conscious of a slum parish of the class struggle, and his sympathies were inevitably drawn to that class who bore the heaviest burden of suffering and hardship in capitalist industrial society. "Have the teachings of Jesus," he asks, "more in common with the teachings of Karl Marx than with the teachings of his alleged followers?"

This question he leaves rhetorical—a pity, in view of its direct bearing on the Christian-Marxist dialogue, now making significant progress in various fields.

In the dialogue, there is little point today in repeating, as this book does, what has already often been said about capitalism and communism and Christianity, especially in the terms which are likely to gain only the attention of the converted. History since Marx has not corroborated his forecast of its determination solely by the class struggle, nor has his axiom that social existence determines the consciousness of men rather than vice versa continued to be generally maintained by his followers. There are now almost as many Marxist sects as there are Christians.

In certain areas today some

Ending a long pause

The Letters of Charles Dickens
Vol IV, 1844-1846
Edited by Kathleen Tillotson
(Clarendon Press Oxford, £20)
Charles Dickens
By Edgar Johnson
(Allen Lane, £9)

On the second of January 1844 Dickens wrote to his Harvard friend, Professor Felton, "I have been thinking of Italy and France, and indeed Germany—or springing up within me, as the Chaucerian clears off, let's a secret I have hardly breathed to any one, but I think of leaving England for a year next autumn—bags and baggage, like one and all—then coming out with such a story, Felton—all at once—no parts—solid hammer blow."

On June 20 the final number of *Martin Chuzzlewit* was published. Two days later the Dickens family left for Italy. What Professor Tillotson calls the "unprecedented pause" in Dickens's novel writing life had begun.

But not in his letter writing life. There are 1,087 items in this latest volume on the great Pilgrim Edition of Dickens's correspondence. Exile does not necessarily heighten interest. But the man does burst free from the novelist. He correlates in a multitude of directions the letters and notes, arranging his private theatricals may grow a little tedious. Most of the time his character and energy are fizzing.

There was plenty to fizzle about. His travel impressions—his frequent visits to the great business affairs, his charitable and public interests. His Christmas books. These tales presented an unexpected problem. Never before had he been so aware how much his inspirations were drawn from the move. He had to struggle even for his starting point, a title. When he jubilantly found it, he got stuck. Even when he eventually started *Dombey and Son* in Lausanne, and he was luxuriating in his prosperous sense of the ridiculous.

It is tempting to see Christiana Weller as a possible Ellen Ternan, had the timing of Dickens's first acquaintance

with her been different. A had not Dickens's friend, T. Thompson, made her wife. That the 19 years Christiana bowed Dickens when she played the piano at a Liverpool Mechanics' Institute soirée over which he presided in February, 1844, Dickens was then 32—was fessed to Thompson: "G. God what a madman I she seem, if the incredible fee I have conceived for that could be made plain to one."

Once Thompson had Christiana, Dickens became enchanted. He wrote to the Rags that she was "a spoiled child" who had turned out as well as he expected. In this case he was wrong as he had been in earlier fear that "spirited creature that she is" was destined to an early death. She died in 1910 at age of 85, mother of 1 Butler, painter of "The Call and other splendid tary pictures, and of Meynell.

In June, 1846, Dickens wrote to Forster from Laus "BEGAN DOMBEY". The pause was over. The stream of masterpieces began. The letters concern them, and all Dickens's rising 24 years, until Tillotson's succeeding volume. One cannot leave this one out, declaring admiration for her splendid pen. She is not fussy, but makes all clear. She results in her notes a whole world of half-known, and of com monplaces—all living or cause they once, however ingly, passed through the of Charles Dickens. For years the best picture of world as a whole has Edgar Johnson's biography. It is good to have a revised edition.

Two odd episodes concerned women of very different world whose paths nevertheless crossed. In *Genoa* Dickens came friendly with a Swiss banker, Emile de la Rue. De la Rue's wife suffered from a nervous disorder and had hallucinations. Dickens believed he could cure her by suggestion. That he did her some good is clear. His "powers" were amusingly demonstrated when, out in a carriage one day, he decided to mesmerize Mme de la Rue at long distance, only to find that she was his wife sitting beside him who had fallen into a trance.

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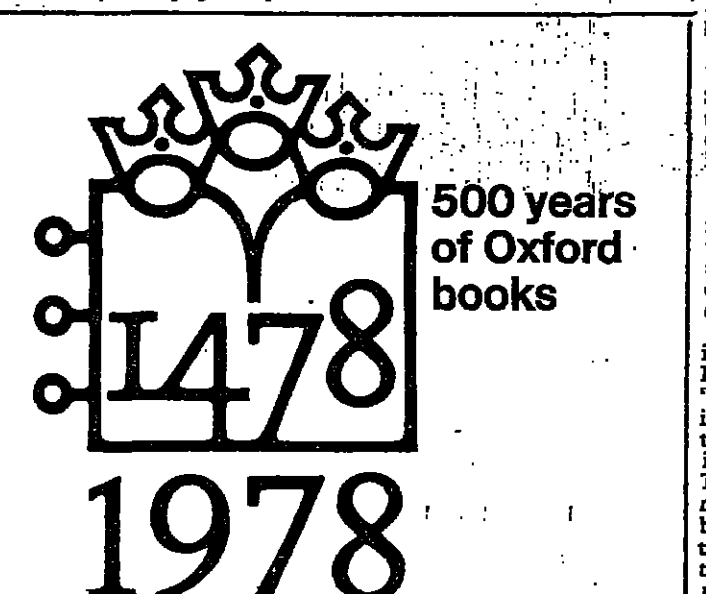
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with her been different. A had not Dickens's friend, T. Thompson, made her wife. That the 19 years Christiana bowed Dickens when she played the piano at a Liverpool Mechanics' Institute soirée over which he presided in February, 1844, Dickens was then 32—was fessed to Thompson: "G. God what a madman I she seem, if the incredible fee I have conceived for that could be made plain to one."

Once Thompson had Christiana, Dickens became enchanted. He wrote to the Rags that she was "a spoiled child" who had turned out as well as he expected. In this case he was wrong as he had been in earlier fear that "spirited creature that she is" was destined to an early death. She died in 1910 at age of 85, mother of 1 Butler, painter of "The Call and other splendid tary pictures, and of Meynell.

In June, 1846, Dickens wrote to Forster from Laus "BEGAN DOMBEY". The pause was over. The stream of masterpieces began. The letters concern them, and all Dickens's rising 24 years, until Tillotson's succeeding volume. One cannot leave this one out, declaring admiration for her splendid pen. She is not fussy, but makes all clear. She results in her notes a whole world of half-known, and of com monplaces—all living or cause they once, however ingly, passed through the of Charles Dickens. For years the best picture of world as a whole has Edgar Johnson's biography. It is good to have a revised edition.

It is tempting to see Christiana Weller as a possible Ellen Ternan, had the timing of Dickens's first acquaintance



A book starts life with the bibliographic equivalent of a silver spoon in its mouth if it wears on its spine the colophon of three golden crowns encompassing a double-page spread inscribed *Dominus Illuminatio Mea*. No doubt the Oxford University Press has sometimes published a bad book, though it is blasphemy even to whisper the imputation this year. But in general, sound scholarship, disinterested love of truth, and usually good reading as well make the OUP one of the great publishing houses of the world.

Philip Howard in *The Times*

We've celebrated our 500th birthday by publishing two histories of ourselves: *The Oxford University Press: An Informal History*, by Peter Sutcliffe, £6.75, and *The Oxford University Press and the Spread of Learning: An Illustrated History*, by Nicolas Barker, £10. 'Mr Barker's', writes John Wain in *The Observer*, 'is a lavish picture book with much information unobtrusively conveyed; Mr Sutcliffe's a densely packed narrative enlivened by portraits and by reflections sometimes ironic. Both are fully worthy of the tradition of the house in printing, binding, and authorship. And both are exceptional value for money. . . . I hope someone will be writing the history of the Oxford Press in another 500 years.'

By the author of 'The Choirboys'

THE BLACK MARBLE

£4.95

Joseph Wambaugh

Weidenfeld & Nicolson

Uncommon cause

The Cross and the Sickle
By Mervyn Stockwood
(Sheldon Press, £2.95)

"Dr Stockwood" his publishers inform us "has often been called the 'red' bishop because of his declaration that he is a Christian Marxist." Some may have thought that this was because at the outset of his episcopate he emerged in a cassock of preternaturally violent cerise. That at least would have been a more easily intelligible explanation than the suggestion that he carries a sickle as well as a pectoral cross, and is making the best of both halves of the world.

In fact, as Dr David Owen indicates in his foreword, the Bishop's redness is really a "commitment to redressing inequality, widening opportunities and a fairer distribution of income, status and power".

This commitment, however, as it must be by the whole band of bishops, and for that matter by the Church militant throughout the world, would seem to make red the hue of all Christendom.

Mervyn Stockwood begins his book by describing how after a middle-class upbringing he first became conscious of a slum parish of the class struggle, and his sympathies were inevitably drawn to that class who bore the heaviest burden of suffering and hardship in capitalist industrial society.

"Have the teachings of Jesus," he asks, "more in common with the teachings of Karl Marx than with the teachings of his alleged followers?"

This question he leaves rhetorical—a pity, in view of its direct bearing on the Christian-Marxist dialogue, now making significant progress in various fields.

In the dialogue, there is little point today in repeating, as this book does, what has already often been said about capitalism and communism and Christianity, especially in the terms which are likely to gain only the attention of the converted. History since Marx has not corroborated his forecast of its determination solely by the class struggle, nor has his axiom that social existence determines the consciousness of men rather than vice versa continued to be generally maintained by his followers. There are now almost as many Marxist sects as there are Christians.

A tangled story

The Sea Peoples
Warriors of the ancient Mediterranean, 1250-1150 BC
By N. K. Sandars
(Thames & Hudson, £7.50)

Archaeologists are united (for once) in agreeing that about 1200 BC the prosperous and civilized world of the Aegean and the Middle East suddenly started to fall apart. What for long had been a stable community of nations was reduced in many cases to something approaching barbarism, which was to last for some three centuries.

Various reasons have been suggested for this catastrophe, such as the onset of an invasion, a series of droughts, or a deficiency of rainfall. More recently the Sea Peoples have been cast in the role of principal villain.

Inscriptions set up by the Egyptian Pharaoh Ramses III about 1186 BC record attacks on the Delta by folk described as Sea Peoples, who were repulsed with difficulty. They are named, but owing to the Egyptian habit

of not rendering vowels, we cannot read their names at all clearly and the convention among Egyptologists is to insert the vowels at suitable places. Thus we have Shekelesh, Denyen, Peleset, Ekweh, etc. From this material scholars have already tentatively identified Achaeans, Etruscans, Philistines, and so on; identifications which in general Miss Sandars supports. But she goes much further than this.

By assembling the conclusions of archaeologists, historians and linguists, contributing a great deal of her own original work, Miss Sandars has for the first time drawn together all the threads of this tangled story. Her evidence comes from the archaeology of Minoan Crete, Mycenaean Greece and Cyprus and of the European Bronze Age, where her knowledge of ancient weapons comes in especially useful. She draws too on the written records as well as the archaeology of Egypt and Western Asia. The result is a histori-

cal synthesis, clearly argued and beautifully illustrated, which reads remarkably like a detective story.

But who was the villain? She rejects the Dorians, whom she regards (to my dismay) as invaders but as Mycenaean commoners, speaking Greek in a non-U way; but sees the destructive process as starting perhaps in the Aegean, for reasons we can only guess at. The Sea Peoples were indeed involved, but only as the end of a complicated chain-reaction. So, as in the case of Albert and the Lion, "No one was really to blame." Her story is a very complicated one, but history is a very complicated process, and that is one reason why I think she is right.

This book is to be welcomed not only as a statement of what we now know, but as a firm foundation on which future researchers may safely build.

Fiction

Yukiko
By MacDonald Harris
(Collins, £4.95)

Success
By Martin Amis
(Cape, £3.95)

In a Shallow Grave
By James Purdy
(W. H. Allen, £3.95)

The Other Side of Time
By Peter de Polnay
(W. H. Allen, £4.95)

Second Sight
By David Williams
(Hamish Hamilton, £4.50)

Yesterday
By Alan James
(Collins, £4.25)

Few kinds of novel are more satisfying and more entirely enjoyable than a first-rate adventure story served up with a dash of metaphysics, adding depth and resonance to an already intoxicating brew. One thinks of Lionel Davidson and Thomas Kennedy as masterly practitioners of this addictive art: so too—if Yukiko is anything to go by—is the American writer MacDonald Harris.

Set in the summer of 1945, the story revolves around an attempt by a party of Americans to blow up a hydro-electric station in Hokkaido, the northernmost island of Japan. Although the island is stiff with enemy troops, they are able to move about with surprising ease thanks to the cooperation of the aboriginal people of the island, the Ainu, who feel little loyalty to Japan.

The Americans are led by Havenmeyer, a brutal, red-faced hulk of a man, expert in explosives. Dispassionate, pragmatic, unfussed and ruthlessly efficient, he's the sort of single-minded individual who actually gets things done (and saves the bacon of more scrupulous souls, who abhor the functional amorality of his approach); and he reacts with calm resignation when confronted with the doubts, scruples and treachery of his colleagues—a Californian Japanese acting as interpreter, an ex-merchant sailor who turns out to have been married to a girl from Hokkaido, and the narrator, who is drawn into the affair by a woman.

Havenmeyer's implacable determination to carry out instructions even though the war is obviously almost over, combined with the narrator's growing involvement with the island and its people, makes for a gripping and original novel; an additional bonus is the wit and simplicity of the writing.

Martin Amis's Success brings

us sharply back to the seedy Seventies and the steamy wastes of the Bayswater Road. Terence Service is short, "chippy" and balding; his "rainbow hair" is a disagreeable shade of red, and his standards of bodily hygiene are low. Not surprisingly, his sex life has ground to halt, which he laments in a string of four-letter words.

As a boy, Terence was adopted by a local gentry after his father had run amok, and he now shares a flat with his foster-brother, Gregory—a languid, saturnine figure, smoothly successful at work and irresistible to admirers of both sexes (or so he tells us). Deeply disdainful of the rising tide of "yobs", he treats his scruffy lodger with derision.

But as the story advances—narrated in turn by the two brothers—and the truth comes out, we realise that Terence is far more than a shallow, self-indulgent, whimsy affections of eccentric about the possibilities of sex, and, as such, a symbol of the kind of man who seems to be p. returned from Viet hideous, discoloured face repulsive that ever strongest of men quail him. He goes to live on a small island, and he two men to come and pe him and rub his feet, him and write letters: woman he admires. A threatens to sweep away; in the event, it to restore his shattered his fellowmen.

And so to more scenes—an outer housing estate in the 1's be exact. Tessa Jitt's husband are the kind of who seem to be p. marched without their passionate about one in other words, Tessa I restless, and ripe for a Victor is a confident, se san, and he sends her feet; and she finds torn between loyalty husband and family ciding new possibilities: familiar enough story. James tells us that the well: he details a drama are closely a vividly observed, a writing is lively, amus effective.

Jeremy

Uncommon cause

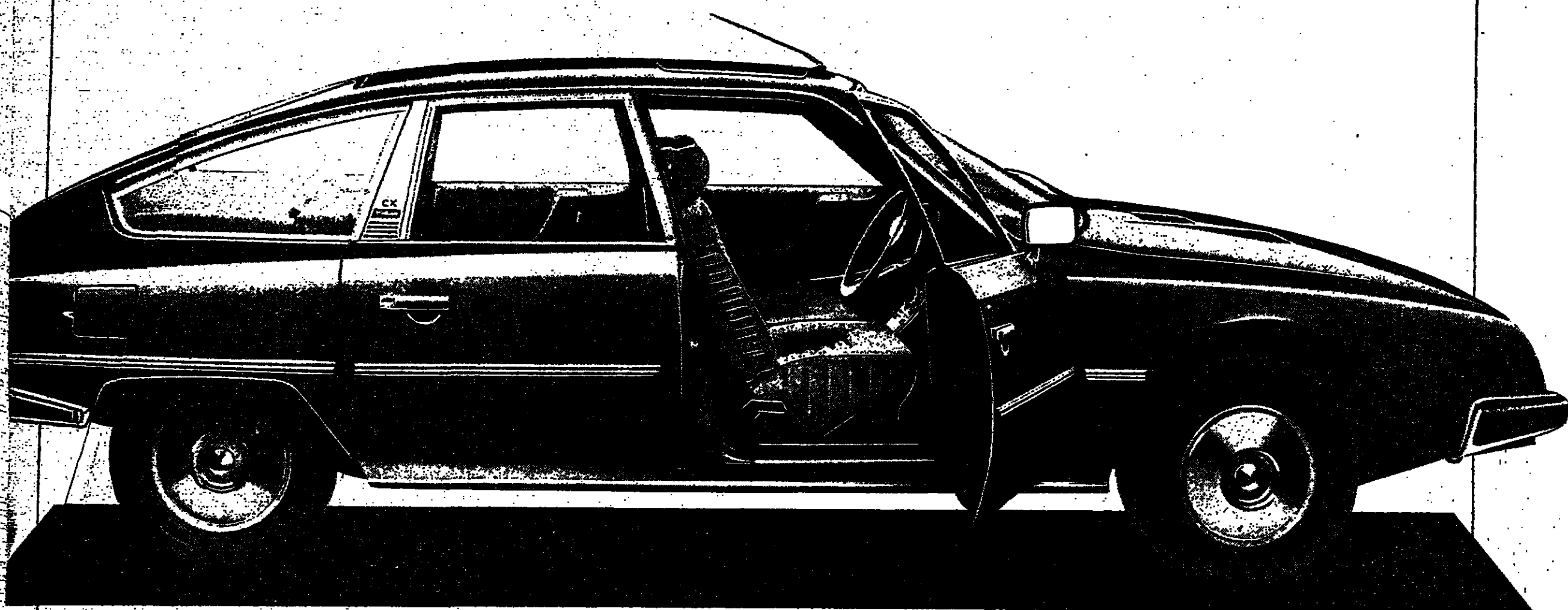
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This commitment, however, as

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Ronald Butt

Mr Healey's one-track Budget

I have never seen the House of Commons less seized by a sense of the occasion than it was this Budget day. Gone were the last vestiges of serious exhibitionism, top hats and all, that until quite recently seemed appropriate to the confident and oracular unfolding of the great annual financial mystery. Only one Conservative backbencher, who had got himself up in a brilliant tuxedo and top hat, seemed dressed as though for an occasion (or had she, perhaps, just come on from a wedding?), and she looked distinctly out of place amid the workaday subside around her.

Nor was there any real excitement of either rage or pleasure in response to any of the contents of this well-leaked Budget. £2,500m was the extent of the tax relief we had been encouraged to expect and that is what we got. In substance and tone, the Budget appeared to be an admission that Mr Healey and the Treasury do not feel very confident that they know what lies ahead or what they should do about it. It is not hard to sympathize with them. It is easier to act sternly under the pressure of emergency and crisis, when there is an occasion to rise to, than to take clear decisions when the future is as clouded as it seems now.

So at precisely the moment when the public was first permitted to hear, via radio, the Chancellor's Budget from his own lips, the drab pressures of real life in 1978 also removed the last remnants of the annual excitement of the Budget ritual that seemed appropriate in more spacious and self-confident days.

Not for the first time, an historic door had been opened to allow popular admission to a place of mystery, only to reveal how little is to be gained from witnessing the

ritual within. All that often happens is that the high priests become too self-conscious to make much of their performance. Mr Healey even shortened his speech drastically and arguably left out of it some economic analysis that should have gone in for fear of baffling the popular mind—assuming the popular mind was listening.

But was it? I am not sure. I doubt, for instance, whether Mrs Thatcher really needed to worry lest the public should misjudge her performance against the Chancellor's by failing to understand that, whereas he had had months in which to prepare his Budget, she had not even had minutes to construct her comment on it. But worry she obviously did on this score.

She was so anxious to make sure that radio listeners understood her to be speaking "off the cuff" that she gave Labour backbenchers the chance to construe her emphasis on this point as a self-excusing admission that she wasn't going to do very well. Yet I should have thought myself that the wider public, if they thought about it at all, would have taken it for granted that Mrs Thatcher knew no more than anyone else in advance, for I doubt whether many are aware of the courteous practice by which, on non-Budgetary occasions, ministers let their "shadows" have a copy of their statements shortly before delivery.

Mrs Thatcher responded to the Labour jeers by referring to the listeners to "this broadcast", which is not altogether the best way of thinking of the proceedings of Parliament. From this little episode, I think there are two lessons to be drawn. The first is that the Members of the House of Commons will probably impress their outside audience

best if they seem unaware of its existence and argue things out with each other (though, of course, they will be sensible to curb the worst excesses of temper and eccentricity when they can). If they are over-sensitive to the audience outside, they may damage their effectiveness inside the House.

But secondly, I doubt anyway whether there were enough listeners to the full Budget occasion to justify Mrs Thatcher's anxiety to make her presentational point, and by the time the mass viewing audiences came into it, during the evening news programmes, there was no time to include such niceties. In the edited programmes there was room only for a snippet or two from her remarks, and naturally these concentrated on points of greater substance.

Indeed, Budget day, to my mind, confirmed what has been evident since parliamentary broadcasting started, that little of substance is added to the report of a speech by showing into it recorded gobblets of the spoken word, hacked out of their surrounding context.

In fact, to the extent that these insertions of direct speech reduce the time available for the more concise précis of the whole that indirect speech can provide, it is arguable that the listener may sometimes actually learn less rather than more from the change. Except on some genuinely historic occasions, when proceedings are broadcast at length, I rather doubt whether the average public will gain much from parliamentary broadcasting.

As for the Budget itself, it is politically ingenious but it leaves the fundamental nature of Britain's national problem untouched. At the bottom of the earnings scale, Mr Healey has been generous. He has

perhaps also been more generous than has generally been allowed at the top end of the middle management level. (It is in the range from £3,000 to £5,000 that his remissions are lacking in any sort of absolute, as distinct from proportional, differentials.)

In total, Mr Healey has remitted taxation on a reasonably modest scale that he obviously hopes will revive demand and create some jobs without refuelling inflation. Yet essentially there is one over-riding purpose behind his tax changes. This is an incomes policy Budget. Everything is geared to trying, by lower taxation, to persuade the worker and his union not to make inflationary wage demands in Phase IV, whatever that is to be.

In one way this is sensible. If wage policy has any future, it must take the form of keeping down the cost of living (which includes tax) so as to persuade workers not to destroy their livelihood by compensating for over-compensating wage claims that price work out of existence. That is a better approach than hard-and-fast guidelines which everyone can twist and fiddle. One can sympathize with this aspect of Mr Healey's Budget and with his wish not to give an excuse to unreasonable wage claims by putting up indirect taxes on some of the items (often not necessities) that are in the retail price index which is influential in wage demands.

But Mr Healey is also trying to moderate the workers' wage demands in a manner that will cost the economy dear. We shall not have a British recovery on a passive wage restraint alone, a near-total productivity and investment slump. The Budget does nothing for either. And how far the extra demand will work through to extra jobs, and how far to higher imports is anyone's guess.

Of course, the Chancellor's modest help to small firms is useful, and the Liberals deserve their credit. (It was a pleasure to see the grin on Mr Padoa-Schioppa's face when Mr Healey acknowledged him; it was compounded of that mixture of endearing vanity and I-say-you-chaps-shyness that is liable to suffuse the schoolboy countenance on receipt of an unexpected headmasterly compliment.)

But we are in danger of being sentimental about small firms. They are, of course, vital for the future, but it is from the big companies, competing with more productive foreign equivalents, that any real recovery must come, and for them nothing has been done. By concentrating entirely on the kind of short-term alleviation that can be obtained from moderating wage demands, Mr Healey is in some danger of settling for the continuance of a poorly productive economy in which we survive only by a wage structure below that of our competitors, and which therefore continually provokes outbursts of resentment.

Mr Healey cannot be accused of producing a blatantly electioneering Budget, though it is one cleverly designed to suffice for an election. He can, however, be accused of a one-track mind Budget, which concentrates on rescue by incomes policy alone (without knowing what its next stage will be) instead of on investment and productivity, as well as with taking more risks than he should with public borrowing and spending. This is all right if you believe that the seeds of recovery are already set to sprout provided wages do not burst out again. But who really believes that this approach is enough? Does Mr Healey?

The political vision of Signor Moro

It has been said of Aldo Moro that his long political career has been one of moderation. Politics for him have been the art of the reconcilable and he has carried his art to such a high pitch that it has been the only way to save him from a murderous violence. This avoidance of any station leading to an irreconcilable clash was taken by some of his friends to show that a negotiation with his captors is necessary because Moro's political outlook is based on negotiation and, certainly, this is the sense of his pleas in letters which he has written from his prison.

Obviously his letters are not written freely. People who know him well, however, are convinced that it would be a mistake to suppose that the text were simply dictated by his captors and, possibly, tortured. He also presumably knew a lot about them after weeks of captivity. The messages contain much of the essential Moro. What is not Moro is an attitude of near despair, minimizing, according to reports of the last communication, the full-scale breakdown. His experience of captivity has taken him beyond the point of being able to accept the situation, with only a faint smile and a resigned resignation, which he used towards difficult colleagues or in the face of warnings that he was being treated with leniency towards the communists, or too lacking in awareness of the need for a touch of dynamism at times in political affairs.

Although Moro has five governments behind him, he is certainly not a place in history as a great administrator. As secretary of the Christian Democrat Party and as Minister, he was architect of the policy of collaboration between the Christian Democrats and the Socialists which 20 years ago was shockingly novel to many sections of Italian political thinking. He brought the two together and then led them a series of governments. He established the principle of operation between Roman Catholics and Marxists. He continued with a similar approach to the Communists.

He had not been able, however, to reap in terms of reforming social legislation the fruits of those seeds sown by the wild winds of political controversy which he had aroused. Had he managed 15 years ago to carry through a programme of reforming legislation, the country would be in a different state. He might have forestalled the atmosphere of degeneration which reached its height on March 16 with his own brutal kidnapping.

Moro's vision of politics was a humane one, where, with patience, broad fields of agreement could be found. The determination with which he pursued his vision belied any suggestion of weakness or political ineptness. So does his quite austere sense of duty and loyalty. He sees Christian Democracy as the central stone in Italy's political construction, the repository of what was fundamental in the nation's democratic life. One of his most famous speeches—partly famous because he was more explicit than he normally chose to be—was his defence in the Chamber of a colleague charged with corruption in the Lockheed affair.

His attitude was a proud expression of Christian Democracy's patriotism despite the scandal surrounding a party too long in power for its own benefit and, towards the accused, an uncharacteristically emotional statement of solidarity: "We are all with you." His whole political outlook. Solidarity and convergence are all part of his vision. Ironically, they probably marked him out for the fate which put an end to his career, at least for the foreseeable future.

Probably the fact that he was the essential element in this degree of collaboration with the communists and well set to reach the Presidency of the republic in December contributed to the decision to kid-



Signor Aldo Moro by the Red Brigades

nap him. If the Brigades' make politeness at all it is as extreme left favouring action, not accommodation, the perpetually Christian Democrat. But there was more he was doing than in the context of relations with the communists, and doubtless the most staid side of his was most important of his achievements. Moro found an end to the problems of Italian youth which reduced to the need to envisage in terms of majorities. The irony which it is now to call "choral" as the Anglo-Saxon approach was developed as the way in which the country could be overcome.

Rather than see the country as the alternative (but unacceptable) Democracy, he saw democracy as the Christian Democrats contributing to the election which would increase the Communist vote and, in the end, the Christian Democrats would be the victors. The election which would increase the Communist vote and, in the end, the Christian Democrats would be the victors.

His confidence in the Communists had been shaken in the 1960s, but he still believed in the possibility of a convergence between the two. He was a man of peace, and he was a man of faith. He was a man who believed in the possibility of a convergence between the two. He was a man of peace, and he was a man of faith. He was a man who believed in the possibility of a convergence between the two.

These fears were some of Italy's. Moro was not a politician. He was a man of peace, and he was a man of faith. He was a man who believed in the possibility of a convergence between the two. He was a man of peace, and he was a man of faith. He was a man who believed in the possibility of a convergence between the two.

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CITY BEHIND

Pet

Creole in its own write

When two languages meet they sometimes form a pidgin or creole. "Business-English" was the name given to the Chinese and English pidgin, lingua franca. But they pronounced business pidgin, and we have confused the meaningless pidgin with the significant pigeon. Hence comes the expression "that's not my pigeon".

Pidgins or creole languages are spoken and written, and until now have been considered as dialects of the master language, not suitable for separate lexicographical treatment. Oxford University Press is preparing the first in a long time dictionary of a creole language. It illuminates the variety that can make a creole richer than the sum of its components.

The language is Krio, which is spoken in Sierra Leone. It is a sort of pidgin English, with infusions from Yoruba, Arabic, Spanish, and other languages, which is used as a local lingua franca. This linguistic cauldron bubbles off enchanting new words and phrases. *Bak si* means "back" and is the general local pronunciation of a back seat driver. To *ab* means to engage in sexual intercourse, derived from the English to have. *Abalist* is a nervous euphemism for a witch-doctor, from the English herbalist. *Bakul*, from the back wheel of a vehicle, means a woman's hips. *Abiliti*, from the English ability, but do not ask why, means a kind of man's hairstyle or hair line.

Aben is a broad sun hat, from Havana. *Adzes* means cantankerous, intransigent, or difficult to deal with. It comes, of course, from the English hard case. *Bad briz* is a bad breeze or wind in the stomach. To *puh bad briz* is to fart. You could spend a long time puzzling over why *bakul* means a scissor's kick in football. The answer is that the scissor's kick was first demonstrated in Sierra Leone by sailors from HMS *Bachante*.

The Krio dictionary is going to open a lively and humorous culture that has previously been locked except to long distance travellers. When you want to say that a child has great strength in Krio, you say he has *ababur*, or bones, of a baboon. When you want to

insult someone you call him a *babu wes*, baboon's waist, or bottom: to a bald man: "Yu the name given to the Chinese and English pidgin, lingua franca. But they pronounced business pidgin, and we have confused the meaningless pidgin with the significant pigeon. Hence comes the expression "that's not my pigeon".

The dictionary is being edited by Professor Clifford Fyle, who works for UNESCO in Senegal, and Professor John Jones, Principal of Fourah Bay College at the University of Sierra Leone. Both are Sierra Leonean and native speakers of Krio. They have dealt with the meanings, derivations, history, and pronunciation of more than 30,000 Krio words. Since it is the most comprehensive and in many ways the first record of any pidgin, they have had to pioneer through virgin jungle of phonology.

Blazing a world-wide trail

The dictionary will be very valuable not only in Sierra Leone, but also for all West African linguistics. It has relevance to West Indian and American (especially Black American) English, with which Krio has strong linguistic and historical affinities. It is valuable for the study of English as a second language, and blazes a trail for the worldwide study of pidgins and creoles. It raises questions about our current universal linguistic practice.

For example, is it appropriate any more to describe creoles and pidgins as being English-based or French-based? Are we right to describe language families, even the well-known Indo-European family, only by the principle of language divergence, without taking into account the equally important principle of language convergence? This first pidgin dictionary will add to our knowledge and joy in our rich Tower of Babel. Or, as they say in Krio, the man who does not rejoice at this new dictionary principle of the Pharaohs who oppressed the Israelites in the Old Testament. It deserves to be celebrated with *bandits* (children's toy explosives fired at Christmas) and the entire West. *chuch ledis unkin bon*.

Philip Howard

Why the immigration argument should stop now

The present state of the argument between the main political parties on the explosive issue of immigration is quite lamentable. If it continues on these lines it will certainly do no good to anyone, and could do a great deal of harm to many individuals, and to the whole cause of race relations in our society. A heavy responsibility rests upon the shoulders of Mr Callaghan and Mrs Thatcher to ensure that this does not happen. Not only is it wholly undesirable, it is utterly unnecessary, for, in practice, the differences that would arise from the policies that would be pursued by a Labour or a Conservative Government are negligible. This is absolutely clear from any dispassionate survey of the arguments on either side.

The whole problem has now become a political battle. It is not, I suppose, surprising, for deep emotions are involved; but it is none the less lamentable for that. In the 1970 election we managed to keep out the issue of race relations, and the 1971 Act, though opposed by the then Labour Opposition, has provided a sound and sensible basis for dealing with the problem. It would, to my mind, be nothing short of disaster if the whole issue were now brought into the battleground of politics in what is likely to be an election year.

The simple truth is that any British Government which has respect for the rights of individuals has very little room to manoeuvre. Suppose that the new Conservative proposals reduce the flow of coloured immigrants, which is what the argument is all about, by 5,000 a year. This would amount to one less immigrant for every 11,000 people already living here. That is the measure of what is involved. It hardly represents the difference between being swamped and remaining on dry land.

Of course there are great fears, and understandable ones, particularly in areas where the coloured immigrants have concentrated, and it is the speed and concentration of the in-

flow rather than its total size that has caused the problem. People resent, and not unnaturally, rapid and total change in their own personal environment by the entry of many people who, while no doubt peaceable and admirable citizens, nevertheless come from a wholly different background and culture. They are, they are unknown; and it is the strange, the different and the unknown that gives rise to so many human fears.

So it is right that the problem should be discussed. It is not, however, the case that it is pushed under the rug by the main political parties: no one would gain but the nation would lose if Mrs Thatcher were quite right to express, as she did, her views on television, and the reaction of the Labour Party, from the Prime Minister downwards, was unworthy. They seemed, in fact, far more scared of the possible loss of votes than they were about the merits of her views. Their reaction was strident, false and hypocritical. But, having said that, it is only fair to say that some of the counter-argument on the Conservative side is also open to criticism.

The truth is that the fear exists, but it is not a fear justified by the facts. In those circumstances surely the path of statesmanship is neither to exploit the fears nor to accuse your adversary unjustly of trying to exploit the fears, but rather to see if you can find some agreed way of calming the fears down, of showing when they are misguided and exaggerated, and so helping race relations rather than fighting a political battle over the hatred and fear of white citizens for coloured citizens, or coloured citizens for white.

The facts are not all that difficult to grasp. You can argue about the minor details if you want to, but it seems a fairly unprofitable exercise. We have now a large coloured population in this country which will continue to grow for natural reasons from decade to decade, and may by the end of the century exceed

three millions. Most of the increase will come from the natural procreation of those immigrants already here. And on this point, too, Mrs Thatcher is certainly right: that the major growth of the coloured community will come from this source and not from new immigrants. His solution is as usual logical. He says, though back to where it is not always easy to be sure. Happily this solution has been rejected as much by the Conservatives as it has by the Labour.

We are left then with future immigrants. What really is there between the two parties?

There is the question of illegal immigration, certainly important, but when it comes to enforcing the law, I see no reason why a Conservative Government would be any more effective than a Labour Government. Certainly I think Labour's past amnesties for illegal immigrants were a mistake that should not be repeated. But I doubt if a future Labour Government would be foolish enough to do so.

Then there is the question of a new British Nationality Act. My personal experience is that parties talk about the desirability of this when they are in Opposition, then run into the real difficulties when they become a Government. In any case it has no relevance whatever to the current problem of coloured immigration.

There remains, therefore, only the question of those arriving or due to arrive under the current regulations. So far as coloured immigrants are concerned, the vast bulk are United Kingdom passport holders or relatives of those already domiciled in this country. This is a finite and declining number, which we have no means of substantially reducing without going back on our own undertakings and without retrospective action of a kind that cannot be justified.

When a man has been admitted to the country on the understanding that he will have certain rights as regards his family or his stay here, and

when the British Government knew that he came here in that belief and we accepted that he was entitled to hold that belief, then it would be wholly dishonourable retrospectively to take those rights from him, and I for one would never be a party to it.

For future arrivals, of course, circumstances are different. No doubt there are ways in which regulations could be tightened. The question of, for example, it is difficult to see how differing marriage customs give rise to the possibility of abuse. There are attractions in the idea of a register, though I doubt if it would work. A register confined to the Indian Subcontinent would, of course, be totally discriminatory. There is no necessarily any harm in that. Many countries pursue racial policies in the field of immigration, "White Australia", for example. The only thing is that if we decide to do this we should be honest about it, and say so. But how a quota would help, I do not quite understand. It would not speed up the end of immigration as we know it at present: if it had any effect at all, it would merely be to delay it.

This is the position as I see it. There are some things that can and should be done. But they are essentially minor matters in terms of numbers. And when you look in the hard light of common sense, at the practical differences between the effects of the policies of the two main parties, they are really totally irrelevant to the main problem. What does matter, and matter enormously, is to try and improve race relations. To deal with fears that are just, but even more important, to dispel fears that are unjustified. Cannot Mr Callaghan and Mrs Thatcher work together on this task? They would be serving the nation well if they did. I fear that if they continue on their present collision course, they will be serving the nation badly.

Reginald Maundling
The author is Conservative MP for Basingstoke and Fareham. He is a member of the House of Commons. © Times Newspapers Ltd, 1978

Reginald Maundling

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The water that washed out an historic day

It was widely rumoured at Westminster on Monday that the Select Committee on Public Accounts, chaired by Edward du Cann, would make history by being the first Commons committee to go on the air. The committee was interviewing witnesses including Sir John Hill, chairman of the Atomic Energy Authority, about the proposed Windscale nuclear reprocessing plant.

In the event, nothing was recorded for later transmission. Asked yesterday, at a press conference, what went wrong, Mr du Cann explained that, when the hearing began, Albert Costain (Tory MP for Folkestone and Hythe) had knocked over the water bottle which always stands to the right of the chairman's desk. The water ran through a trapdoor leading to a switchbox controlling the chat from the microphones.

When attention was called to the fact that Mr Costain and Robert Taylor (Conservative, Croydon, North-West) were the two MPs in the committee who had voted against allowing the press and the microphones into its meetings, Sir Timothy Kitson (Conservative, Richmond) intervened to say: "I spoke to Mr Costain and I can give this assurance: he said it was not an act of sabotage."

The old routine

Fisher House, the Catholic Chaplaincy in Cambridge, is displaying a poster advertising Ballroom and Latin Classes. A reader asks if this could be a step in the return of old-time Mass.

The Tree Council has appointed a new secretary. Her name is Susan Forrester.

Big ideas on a small scale

An interesting trip to Kent awaits Peter Parker, the energetic British Rail chief tomorrow. Mr Parker, whose organization is not noted for culinary excellence, will inaugurate the world's first buffet car on a 15ins narrow gauge railway system.

His hosts, the Romney, Hythe and Dymchurch Light Railway, have acquired a cooker for the car, are confidently expected to provide a considerably better buffet service for their passengers than British Rail.

So only modest refreshments, I understand, have been ordered for Mr Parker's visit to the line, which made a profit of £7,000 last year.

John Snell, its managing director, told me diplomatically: "I know British Rail has a reputation for providing a not very good buffet service. We shall, at least, have to equal their service. The line is only 13½ miles long so we can't offer a full service. But standards will be high."

Mr Parker, who will also be inspecting developments at Dover Harbour, will be travelling not by train but by helicopter. When Lord Beeching, who has been in the chair since 1962, was asked about the Ashford-New Romney BR line which once linked a wide holiday line.

Widening the Taverners' appeal

I bowled a googly at the Lord's Taverners yesterday. Why, I asked at a press launching for their new appeal to raise cash for underprivileged and handicapped children, why was I being limited to the sporting scene?

What about music? When it comes to keeping children off the streets, is not blowing a trumpet as good a way to do it as hitting a cricket ball or advertising in a playground?

I kept an eye on Edward Heath, Taverner and former Prime Minister, as I put the question. Only minutes before, he had been lauding the European youth orchestra about which I wrote earlier this week.

I won a slight nod from him and from the Taverners hierarchy as a whole came an assurance that, if there was a chance for music to be incorporated into their campaign to

keep the nation's youngsters fit, busy and out of mischief.

The cash appeal actually carries the name of the Taverners' president, Eric Morecambe. It was in fact formed yesterday. What was the main physical challenge he had had to face when he was a youngster? "Actually, I married her," he told his serious questioner.

I knew the Lord's Taverners were dab hands at raising money for good causes, but I had not realized that the Eric Morecambe Appeal for Youth was the first public national appeal that they have ever launched. It is aimed principally at industry and commerce, whose big chiefs are being asked to make minimum contributions of £5,000 over seven years. Mr Morecambe hopes the appeal will raise £250,000 this year alone.

Concerto for bat and ball?

My comments on sport and music (above) found an echo at another London gathering yesterday. A waffle of cricket commentators (I quote Brian Johnston) went to a BBC. I kept an eye on Edward Heath, Taverner and former Prime Minister, as I put the question. Only minutes before, he had been lauding the European youth orchestra about which I wrote earlier this week.

I won a slight nod from him and from the Taverners hierarchy as a whole came an assurance that, if there was a chance for music to be incorporated into their campaign to

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Not taxing patience

It always pleases the Exchequer to get indications as to what the public believe or what they might be doing. But what if the public are not patient enough to wait for the Exchequer to get indications as to what they believe or what they might be doing?

Our former experience was that the Exchequer was not patient enough to wait for the public to get indications as to what they believe or what they might be doing.

But Mr Healey decided (as he is to disperse his "boring stuff")

And he was a man of peace, and he was a man of faith. He was a man who believed in the possibility of a convergence between the two. He was a man of peace, and he was a man of faith. He was a man who believed in the possibility of a convergence between the two.



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THE CHOICE FOR THE DOLLAR

The leaders of the industrial world are engaged in an increasingly desperate attempt to find a collective way out of the present recession. Attention has become focused on the summit meeting to be held at Bonn in July. Meanwhile, individual governments are seeking to present their several worlds and actions as a contribution to the joint venture.

A major weakness at the centre of the system is the American dollar. In so far as President Carter's programme on inflation is intended to be a contribution to solving our collective problem, by strengthening the dollar, the conclusion is inevitable that the proposals are inadequate. We have enough experience of incomes policies in this country to know that even here voluntary exhortation in favour of restraint in prices and incomes and the arbitrarily holding down of wages in part of the public sector are singularly ineffective. In the context of the much larger and more diverse American economy they can have even less effect.

The plain fact is that the United States is being brought up against its responsibilities as the sponsor of the world's major reserve currency. Dr Burns, now that he has retired as chairman of the Federal Reserve Board, is prepared to speak in these terms. There is, however, little evidence that the Administration has yet faced the clear implications of the dollar's position. To be fair to the President, even if he were to see and accept such an analysis, public opinion and the Congress would not.

Central to a realistic analysis is acceptance of the fact that there are now many more dollars in circulation in the world than people want. At the same time, neither the President, nor the Congress, or American public opinion are prepared to accept

the proposition that the American domestic economy should be run in such a way as to restore the confidence of foreign holders of the dollar. The restraint on American monetary policy that would be required to engender such confidence is just not politically conceivable. The American economy is continental and largely self-contained. The result is that to a unique extent it can still be run as a closed economy; the more inflationary option is still a very seductive one.

It is not useful for outsiders to suggest how the Americans choose to run their domestic economic affairs. It would have no effect if they did. The American system and establishment—with some dissent from the Ford economic team—have long regarded mild inflation as a price worth paying for continued growth. They may well be mistaken in believing that inflation is a useful tonic, but it is a choice for America alone to make.

It is, however, legitimate for outsiders to suggest that such a choice is not compatible with running a major reserve currency. It is equally legitimate for America's allies to ask her to consider ways of phasing out her reserve currency role. The instinctive American reaction to any such suggestions over the years has been one of instant rejection. In some quarters this is because the international dollar is seen as a symbol of American influence and power. In others it is because no reason is seen why the United States should accept any of the responsibility and cost of the sort of funding operation that would be involved.

The traditional argument has always been that the external sector of the American economy is relatively so small that any balance of payments deficit

would have to be accepted by the rest of the world as a residual. Equally, if holders of dollars did not like losing money as a consequence, they might be soothed with words, but otherwise "benign neglect" should be the order of the day. Such attitudes still dominate political and administrative thinking in Washington.

No longer, however, can this policy of benign neglect be continued without damaging consequences. For the scale of the dollar's problems as a reserve currency has reached the point where it is undermining the free world's system of trade, industry and payments. At this point, American national interests become engaged, for the United States is and should be the leading force in that system.

Schemes for the funding, or partial funding, of the external dollar balances have been under discussion for years in the International Monetary Fund and elsewhere. In the nature of these things, politicians in the end only take difficult action in response to the pressure of events and a crisis. It is, however, only a matter of time before the United States is faced with having to accept that it cannot at one and the same time run an independent and inflationary domestic economic policy and a reserve currency. When that moment comes, the choice will surely be in favour of phasing out the dollar's reserve currency role. President Carter's contribution should be to move political and public awareness in that direction, before irreparable damage is done to the system built up under American sponsorship after the war. Even the United States is not strong enough to pursue two incompatible economic policies, particularly when both are probably mistaken.

Control of the money supply

From Professor L. S. Pressnell

Sir, Desirable though it be to take account of our rich historical experience of monetary disorders, it is unfortunate that Mr Bryan Gould's Labour Party White Paper on the money supply should so thoroughly misinterpret the arguments of his predecessors in the House of Commons (Letters, April 8). He thereby manages to accuse your quite unjustifiably of selective quotation from the classic Bullion Report of 1810 in your leading article on control of the money supply ("Shutting the Window", April 6), while himself flitting with just that practice.

Moreover, his claim that his predecessors' report "seriously undermines much of current monetarist thinking" is demonstrably unwarranted. In particular, Mr Gould overlooks the extreme monetarism of its overriding message; this involves vehement rejection of the monetarist or the non-monetarist view, and least of all is it to defend the analysis of the Bullion Report, but simply to try to put the record straight after Mr Gould's rough treatment of it.

The value in 1978 of the 1810 Bullion Report is presumably that, like our present anxiety, it concerns an inflation characterized by unstable exchange rates and a policy of monetary supply, after a prolonged period in which broadly opposite conditions had been more typical and had been generally preferred. To use a conventional description, the report therefore sought a "middle way" between "rules" and "discretion" in monetary policy. In declaring that it is impossible to know or to adjust accurately the appropriate supply of money for a country, it was very far from rejecting the control of the money supply, quite contrary to what Mr Gould seems to imply.

Further, adherence to a fixed exchange rate (strictly to a fixed value of gold for sterling) was fundamental to the report's analysis. It certainly repudiated the view that the Bank of England's note issue was a measure of the excess or deficiency of the money supply. That is an entirely different matter, however, from the inference which Mr Gould seems to want us to draw from his selective quotation, namely that it is useless to attempt to control the money supply.

In fact, in the same paragraph from which Mr Gould extracts his selective quotation about the impossibility of knowing the correct quantity, the report is quite explicit about the problem: it asserts that it had arisen only because the traditional constraints provided by circulation of the precious metals and by convertibility of paper credit into them, had been suspended since 1797.

It therefore argues for the elimination of an impossible task, by return to a largely impersonal, possibly rigorous control, tempered by discretionary action from the Bank of England especially in periods of financial pressure. This meant an early resumption, whether the Napoleonic War had

ended or not, of the type of gold standard, with convertibility and a fixed exchange rate, that had operated until thirteen years previously. Such a prescription scarcely "undermines" monetarism; if anything, it supports a form of super-monetarism, beyond the need for your modestly framed appeal to the report's scarcely challengeable demonstration of the ineluctable consequences for prices and exchange rates of an inadequately controlled money supply.

Yours sincerely,
L. S. PRESSNELL,
Rydons Mead,
Eghington, Surrey.

From Mr John Watkinson, MP for Gloucestershire West (Labour)
Sir, It is not necessary to go back to the nineteenth century to appreciate the need to control the money supply. Events of this decade provide adequate testimony to the effects of a money supply out of control.

I myself think it strange that members of an interventionist party, such as mine surely is, find themselves embarrassed and not infrequently opposed to control of the money supply.

Perhaps there is a confusion between a common sense view of the need to control money supply and "hard line monetarism" which involves a narrow interpretation of free market economics which excludes the possibility of government intervention.

If central control of the money supply is important, and I believe that it is, then this view entirely supports Socialist and not Tory principles.

Yours sincerely,
JOHN WATKINSON,
House of Commons.

From Mr Robert Eyre-Brook
Sir, In your leading article of the Conservative Party's economic policy is correct, it involves adherence to strict limits on the growth of the money supply in order to provide for a consistently low rate of inflation, while dismantling the present Government's apparatus of wage restraint, which is seen as part of the Government interference hindering industrial growth.

The removal of wage restraint will lead to widespread attempts to remove anomalies which have arisen over the last three years, and to raise the standard of living. The resulting increase in labour costs will be passed on by employers in higher prices. Monetary theory predicts that the rate of growth of the money supply will, over time, be reflected in a low rate of nominal income. The more of the extra money which goes in higher prices, the less is available to finance the growth of real income by the expansion of industrial production. Will not therefore, the combination of a low rate of monetary growth and a higher rate of wage induced inflation inevitably lead to a fall in output and real income, and to a severe worsening of the already serious recession?

Yours faithfully,
ROBERT EYRE-BROOK,
8 Lodge Drive,
Long Ashton,
Bristol.

The neutron bomb

From Mr Christopher Coker

Sir, The recent correspondence in your newspaper which has been generated by the debate over the neutron bomb has addressed itself almost exclusively either to the weapon's military efficacy or to its moral implications. The matter, however, would not be debated without reference to the credibility of America's defensive planning. For if the neutron bomb is cancelled it will be but another in a series of cancellations which have compromised the West's military standing in the eyes of its allies. It is important to have been the axing of the XB-70 bomber, the mobile medium range ballistic missile and, most recently, the B1 bomber. On nearly every occasion these programmes, whether offensive or defensive, have been cancelled for political reasons, invariably masquerading as budgetary considerations.

Since SALT, the most important of these strategically has been the B1 bomber; its cancellation has now denied the United States a credible manned airborne second strike. It now appears that the Carter Administration may also surrender the most important tactical weapon of recent years, a weapon which promised to restore credibility to defence warheads in the central theatre. It is precisely for this reason that the neutron bomb has incurred so much criticism, but this is no excuse for America to trade a military advantage for political "respectability" in the eyes of its allies.

The controversy, in fact, merely reinforces two impressions about our defence perceptions which I have gained over the past few years. The first is a matter of information. Once again the media has concentrated on the introduction of a new weapon by the United States almost to the exclusion of the deployment of new weapon systems by the Soviet Union. The absence of any informed discussion of the SS-20 missile, for example, is highly reminiscent of its failure to discuss the intercon-

tinental capability of the Backfire Bomber at a time when there were numerous discussions of the B1. Such journalistic lapses are doubtless explained by the availability of information from one quarter and its unavailability from the other, but this in no way detracts from the charge of serious distortions in defence reporting to the detriment of objective public debate.

The malaise, however, goes much deeper than this. For what we have been witnessing in the last decade has been a subtle metamorphosis in the West's attitude to defence. In the early 60s the West tended to look upon the defence of Europe as the product of its military capability and the degree to which it was provoked by the Soviet Union, an attitude which ironically conceded the latter's inferior military capability. Today, however, the West now recognises the USSR to be very near attaining both strategic and conventional superiority and since the early 70s, in accordance with that recognition, it is judged that the threat to peace will come from Russia's military capability and the degree to which Russia is provoked by American action. The initiative, therefore, still remains in Soviet hands, but the Soviet Union has now been afforded the military capability to exploit it.

If the decision not to go ahead with the neutron bomb is taken, it will be taken because it will be judged (as the Russians have already judged it) to be a provocation. Doubtless, a few voices will be heard asking whether the SS-20 can be similarly construed. Perhaps, the West should have remembered some time ago Hobbes' dictum that war is any period in which peace cannot be guaranteed. If we are so intent upon robbing ourselves of the means to secure it, then we shall certainly know what to expect.

Yours faithfully,
CHRISTOPHER COKER,
Worcester College,
Oxford.

Eritrea and Ethiopia

From Dr Richard Pankhurst

Sir, Your recent editorials on Ethiopia contain some misleading assertions.

"A Soviet scramble for Africa" (April 4) you state that "most Eritreans are Muslim and 'look naturally' to the Arab states for help". The population of Eritrea (like that of Ethiopia where Christians predominate in the highlands and Muslims in the lowlands) is in fact almost evenly divided between the two faiths. The Report of the United Nations Commission for Eritrea (1959) suggests that 50.5 per cent of the population was Muslim and 48.7 per cent Christian (among urban dwellers the ratio was 52.2 per cent Christian and 46.3 per cent Muslim). In the Eritrean assembly, elected under the supervision of United Nations commis-

sioners, Christians and Muslims were evenly equal.

In "Arms and infanticide" (April 7) you say Britain has "perhaps a special duty . . . to raise the matter since it was Britain that handed the United Nations the decision without their consent and almost certainly against their wishes". The handover was not in fact a unilateral British act, but the execution of a United Nations decision passed by 46 votes to 10 (with 4 abstentions). The United Nations report had stated that the party favouring union with Ethiopia was "the bigger". The handover took place only after the Eritrean assembly had unanimously accepted the principle of federation with Ethiopia under the Ethiopian crown.

Yours etc,
RICHARD PANKHURST,
22 Lawn Road, NW3.

Caring for handicapped children

From the Secretary of State for Social Services

Sir, I share the concern expressed by James Loring and others (April 10) about the gaps in the care and provision for mentally handicapped children though I also associate myself with Mrs Reynolds's tribute to hospital staff, published on the same date. Mrs Reynolds's study of the care offered to multiple handicapped children in eight mental handicap hospitals (Children Living in Long-Stay Hospitals) highlights some serious deficiencies in our present service for mentally handicapped children.

Although the number of such children now being cared for in hospitals is already lower than the 1971 White Paper Better Services for the Mentally Handicapped suggested it should be in 1991—a very substantial achievement—there are still too many children in hospital whose needs would be better met elsewhere. I will shortly be asking health and local authorities jointly to set dates after which all mentally handicapped child will be admitted to long-term hospital care unless his needs can only be met by the specialist services available in hospital.

Inappropriate admissions obviously cannot be stopped until the necessary alternative services are provided, and I have stressed the priority which local authorities should place on the provision of these services—ranging from domiciliary support to fostering as well as residential care. Many local authorities are making use of the funds made available through joint financing in order to do this.

I cannot, however, agree with the view that mentally handicapped child will in future need long-term hospital care. In my opinion a small number of very severely handicapped children will continue to live in hospital: for them the aim must be to ensure that they receive the highest possible standard of care including the

specialist services which they need. It is difficult to provide such services in large isolated and understaffed hospitals, in spite of the best efforts of dedicated staff. It is Government policy that mentally handicapped children needing hospital care should, wherever possible, be accommodated near their own homes in small domestic units separate from adult units and with close links with the children's department of the district general hospital. The development of such local units as part of a comprehensive district service for the mentally handicapped, together with the continuing reductions in the number of mentally handicapped children admitted to hospital and the increase in the number of nursing staff, should, I hope, result in an improved standard of care. The National Development Group for the Mentally Handicapped are at present preparing a report for me on how to improve hospital services for mentally handicapped children and adults. This report will contain a detailed section on children, and I shall look particularly carefully at their recommendations.

I am very much aware that our services for mentally handicapped children are far from satisfactory but I also believe that the action we are taking on the two major tasks I have outlined—the development of adequate facilities for community care for those children who do not need hospital care, and better hospital services for those who need them—will result in a continuing steady improvement in the services for these handicapped children. I trust that the willingness and ability of society to meet their needs. Yours, etc,
DAVID ENNALS,
Department of Health and Social Security,
Alexander Fleming House,
Elephant and Castle, SE1.
April 11.

Tory immigration plans

From Mr David Crouch, MP for Canterbury (Conservative)

Sir, Mr David Lane's letter in The Times of April 11 is a reminder that in this difficult period for race relations in our country we are fortunate to have as Chairman of the Commission for Racial Equality someone so restrained and responsible as Mr Lane.

I believe we can succeed in our pursuit of racial justice and harmony in Britain if we heed his advice to be restrained and responsible ourselves. It requires a strong commitment and a broad consensus across political parties—David Lane again.

It is perhaps not very original to repeat his words in this way—but they cannot be bettered. We miss him in the Conservative Party and in Parliament. Luckily we can still hear his voice.

Yours faithfully,
DAVID CROUCH,
House of Commons.
April 11.

From Mr Gordon Waldie

Sir, Miss Emily Thornberry's letter in The Times today (April 11) says all that needs to be said about the Tories' latest proposals on immigration, or at least one part of the package concerning the right of foreign husbands and fiancés to join their partners in this country.

The cynical disregard shown for the civil rights of women is merely symptomatic of the political opportunism which pervades the whole of the "package". Yours faithfully,
GORDON WALDIE,
78 Belgrave Road, SW1.
April 11.

Teddy Kollek's Jerusalem

From the Ambassador of the Hashemite Kingdom of Jordan

Sir, I read with interest and admiration your review of the book by Teddy Kollek's Jerusalem (April 8). It seemed to me fair and perceptive—and it brought out clearly the confusion of mind with which Israelis (even those with Mr Kollek's sense of discretion) interpret the responsibilities in Jerusalem. On the one hand Miss Moorehead quotes Mr Kollek as saying, "I want to give everyone the feeling that Jerusalem is his city", which she rightly says is not an easy task when the rights of Jewish citizens have to be conspicuously given preference over those of the Arabs whose homes are in Jerusalem (or were until the Israelis destroyed them). On the other hand, the respect for Mr Kollek's professions for international concerns in the Old City is severely qualified by his remark, "the building all round it concerns no one but us".

Far more of Mr Kollek's Jewish compatriots would agree with this second observation than with the first. But they would be wrong. What goes on in Jerusalem does concern others besides the Jews of Israel, and until they acknowledge this crucial fact the Israelis will continue to find themselves at odds with the international community. In changing the physical appearance as well as the demographic composition of the city, the Israelis are acting in direct defiance of a series of unanimous resolutions by the Security Council of the United Nations, which has repeatedly ruled that "all legislative and administrative actions taken by Israel to change the status of the City of Jerusalem . . . are totally invalid and cannot change that status".

There can be no more authoritative expression of international concern than a unanimous resolution of the Security Council. If Mr Kollek is sincere in saying that his concern is very right and proper, the next step surely would be for his government to treat such resolutions with more respect? Yours faithfully,
SAJAH ABUZEID, Ambassador,
Embassy of the Hashemite Kingdom of Jordan,
6 Upper Phillimore Gardens, W8.
April 10.

Newspaper troubles

From the Chairman of the Newspaper Publishers Association

Sir, Your correspondent, Christopher Thomas, devotes considerable space (report, April 12) to what he claims are criticisms of the Newspaper Publishers Association by some unnamed newspaper managers in Fleet Street.

I find this surprising, not because any part of the national newspaper industry would be automatically regarded as perfect, but because the activities of the NPA are determined by the newspaper managers, which constitute the Council of the NPA, and by no one else.

Some of the problems in Fleet Street are outside the control of the newspaper managers, but the ability to define and promote the areas of their common interest is completely in their hands. Some might suggest that this has not always been the first priority of all managers in Fleet Street all of the time.

Yours sincerely,
RICHARD MARSH, Chairman,
Newspaper Publishers Association,
6 Bouverie Street, EC4.

Saving works of art

From Mr Francis Russell

Sir, Your editorial (April 8) sets the scene for the proposed grants announced by Lord Donaldson in perspective. It must nonetheless be noted that the Minister's statement, however welcome, leaves a number of important questions unanswered.

It seems not to be widely realised that the grants Lord Donaldson has secured are considerably smaller than the sum that accrues annually to the Treasury from art sales. For the cumulative burden of death duty, capital transfer tax and capital gains tax accounts for a high proportion of the total yield of such sales; and inflation has only augmented the Government's share. Would it be unreasonable to demand that the Treasury's receipts from art sales be deployed directly for museum purchases?

"The national museums" revised grants from locally raised funds are fewer works of art will be eligible to reach these under the terms of successive finance acts at the expense of the Land Fund. Does Lord Donaldson propose to ensure that the grants Lord Donaldson is used to the full by discouraging museums in London from buying works of art that might otherwise reach provincial institutions through the agency of the Land Fund?

The Minister must also be asked how the Government interprets its commitment "to help to save the national heritage". Many English pictures and works of art have already left this country. Some would be invaluable acquisitions for museums here and others ought ideally to be returned to the houses for which they were made. Do these qualify to be "saved"? It happens that Manchester is bravely trying to purchase a Gainsborough's beautiful "Peggs and her gathering faggots" which has recently returned from Canada and will thus provide the first test of Lord Donaldson's interpretation of his commitment.

Yours etc,
FRANCIS RUSSELL,
The Grange,
East Hamney,
Wantage,
Oxfordshire.

The Boucher stamps

From Mr P. C. C. C. C.

Sir, J. D. Boucher, as a footnote to Gordon Phillips' story of Boucher published today (April 10), you may be interested to know that on December 30, 1921, Bulgaria issued a set of stamps to commemorate his life. I cannot recall that any other journalist has been similarly honoured. Yours faithfully,
PIETER CARLBERG,
35 Kew Road,
Edgware,
Middlesex.

A SECRET CITY BEHIND A HIGH WALL

The citizens of the Royal Borough of Kensington and Chelsea are rising in protest at the building of a Kremlin in their midst. For those who might imagine that the Kremlin in Moscow is another way of describing Mr Brezhnev's spacious home, akin to Mr Callaghan's in Downing Street, it may be pointed out that Kremlins are citadels to be found in all old Russian cities in which a collection of governmental or other official buildings are surrounded by a usually formidable wall. The anxiety in Kensington is not simply an ordinary planning objection—though they certainly exist—but that the character of the development is itself distasteful in its political overtones.

The intention of this concentrating the scattered buildings—many of them already in Kensington—that house the Soviet Embassy and its ancillary offices and staff goes back more than five years. As the staff number well over 300 the scale of the development is considerable. The first site proposed had as its core the long disused and decaying barracks near the southern end of Kensington Church Street, an area of over one and half acres. Since this seemed too great an intrusion into a residential area another site was suggested at the north-eastern corner of Kensington Palace Gardens where some properties were already occupied by the Russians. This would overlook Kensington Gardens.

Information on these plans has never been easy to obtain since the negotiations have been carried on by the Foreign Office

and the Crown Estates Commissioners who own both sites. It became apparent that the advice being offered to the Russians was related to a Russian wish to move the British out of the now inadequate house occupied by our embassy in Moscow. On the face of it was desirable to meet Russian wishes since our own accommodation in Moscow would thereby be more easily arranged.

So far as the Kensington Society has been able to discover, the revised proposal is to build on both sites. The one in which plans seem most advanced is the barracks site where all staff of the Soviet offices in London will be concentrated. The plan involves a tower block of sixty flats together with swimming and paddling pools, a school, gymnasium, tennis court, sauna, gardens and such amenities. No one would begrudge the staff, their wives and children all this; what gives the plan its frightening overtone is that the whole is to be surrounded by a continuous wall alleged to be fifty to sixty feet high. A wall even half this height surrounding such a low density development would most certainly incur planning opposition and most certainly will have the character of an enclave that will dwarf or dominate its surroundings and that must be a reminder of the secrecy and seclusion enjoyed or imposed on those inside it. What is an embassy for, it might be asked, if its staff are so deliberately cut off from any contact with the people they are supposed to be learning to know better?

The counter-argument is that it is no business of ours how

the Russians choose to house themselves so long as reasonable planning requirements are met. If the Kremlin principle is natural to them then they must be allowed the kind of enclosure in which they feel comfortable.

In China the walled compound has been just as ubiquitous—the so-called forbidden city is the biggest example—and it is true that in Peking the Russians have built their vast enclosed embassy enclave just as the Chinese have built an equally secluded one in Moscow. Yet even on this argument a Kremlin or a Forbidden City is a symbol of despotism—a form of government that does not show its face.

The Foreign Office has been dextrously neutral, insisting that the Soviet plans are governed by the Department of Environment's Circular 80 procedure which provides that applications in this category do not receive more favourable treatment than those for private development. It is hard to believe that a private developer could obtain consent for such plans. In this case the plans will be submitted to the local planning authority and may then be subject to a public inquiry. The suspicion that there has been too much secrecy in the drawing up of the plans is naturally intensified by the knowledge that the Department can in such a case override objections however they are voiced. The question remains whether planning or amenity objections—strong as they are—all that need to be considered in this case or whether diplomatic behaviour is involved of a kind that should be discouraged. Walls have their own message.

THE PACKER MEN SHOULD NOT BE BLACKED

It is by no means clear that the Cricketers' Association will at their meeting today proceed with the proposal in effect to exclude Packer players from English county cricket. There are doubts about the legality of such a course and in any case it looks as if an increasing number of Packer cricketers will not have their contracts renewed by their counties at the end of this season. But it is an indication of the mounting resentment felt by English Test and county players towards those who have signed for Mr Packer that such a proposal should have got this far.

This attitude is not illogical. The assertion that Mr Packer's activities will improve the lot of the average professional cricketer can be true only in the most indirect sense. The furor has so focused attention on the inadequate financial rewards of most cricketers that more money may be drawn into the game to

improve their lot. There is that possibility of lasting gain. But in every other respect Mr Packer presents a threat to the average player. He offers lucrative contracts to the stars, but only to the stars—and has so timed his matches that he has deprived Test cricket of the services of many of them.

Yet it is on the proceeds of Test cricket that the county game in England depends to a considerable extent. The same broad principle applies in other countries as well. The money from Test cricket nourishes the game as a whole. So if Tests are made less attractive because many of the most distinguished players are lured away by Mr Packer it is the average member of a county team, who can have little expectation of himself catching Mr Packer's eye, who will lose. It is understandable therefore that they should want to make life disagreeable for the defec-

tors, and thereby to limit the danger of further defections. But while it is understandable it would also be wrong to take the extreme position. On practical grounds this would deprive county cricket of many highly attractive players who had not so far made themselves unavailable for their counties because of their commitments to Mr Packer. On grounds of principle it is always distasteful when sportsmen refuse to play with each other. There are occasions when this is justified, but they are very exceptional. In the present instance it would be right to ban a man from any team for which he had refused to play because of his Packer obligations. But if a more general ban were now to be applied to English county cricket it would be unpleasant in itself, a dangerous precedent for the future and present a further obstacle to the compromise that needs to be sought for the good of the game.

Surely the lesson of history is that events are not caused by the plans of men and that the route to the peaceful settlement of a dispute is long and tortuous? This process, now commenced, is not encouraged by vituperative correspondence. Yours, etc,
R. ALTHUL,
9 Moorcroft Road,
Moseley, L.

Israel and the Lebanon

From Mr Ronald C. Alshul

Sir, Sir John Glubb in his letter (published March 25) alleging a deliberate and long standing plot to replace the Lebanon with a puppet state fails to complete his quotation from Ben-Gurion's Diary of May 21, 1948. The entry continues afterwards "We would thus end the War".

The Diary entry was made some six days after the Arab forces had

bombled Tel Aviv (a Jewish area in the partition plan) at a time when over seven hundred Jewish regular soldiers had died, and it should be understood in the light of this fact.

There is no shortage of strange theories for events in the Middle East. Even President Sadat, usually level-headed, suggests in his interview for October that the events in Southern Lebanon were caused by collusion with several parties including President Assad with a view

to Syrian aspirations for an enormously enlarged state.

Surely the lesson of history is that events are not caused by the plans of men and that the route to the peaceful settlement of a dispute is long and tortuous? This process, now commenced, is not encouraged by vituperative correspondence. Yours, etc,
R. ALTHUL,
9 Moorcroft Road,
Moseley, L.

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imposing stringent standards

panies which collapsed had been introduced by brokers and other intermediaries, while the old suspicions that some brokers were guided more by commission rates than the client's best interests perhaps proved sufficient to sway the balance.

In 1975 Mr Peter Shore, then Secretary of State for Trade, asked each of the four main insurance broking associations to draw up plans for self-regulation and supervision of brokers. By way of encouragement he warned them that failure to come up with a suitable code would lead to supervision of a more direct nature by the Government itself.

The brokers were quick to take the hint, with the four leading bodies first making a thorough reappraisal of existing regulatory standards. The difficulties however quickly became obvious: for a start the rules of the four main bodies covered only their own members, and these probably represented fewer than a third of practising brokers, although many of the remainder were in fact no more than agents for one company.

Second, insurance broking is by no means a homogeneous industry. From the dozen or so truly huge international firms which handle hundreds of millions of pounds worth of premium business each year, the sector ranges down to thousands of tiny local brokers, some of whom often run by one man.

Most of these small houses operated to the highest professional standards, but the weeding out of those which did not would still provide a massive task in such a fragmented industry.

The task was to fall on the shoulders of one man, Mr Francis Perkins, former chairman of the Hogg Robinson Group and president of the 1,300 member Corporation of Insurance Brokers (CIB).

Under his chairmanship and with Mr Alan Teale as its secretary, the British Insurance Brokers Council, later to be called the British Insurance Brokers Association (BIBA), was formed in January, 1976.

As well as the CIB this brought together the 1,000 member Association of Insurance Brokers and the Lloyd's Insurance Brokers' Association, which has about 300 members. These groups are all to be absorbed by BIBA to provide the industry with a single body. Only the Lloyd's association will retain its independence

because of its special involvement with the Lloyd's underwriting market.

At the outset the council of the new association is composed of 12 members, with each of the four bodies nominating three representatives.

The first job for Mr Perkins and his team was to hammer out a common code of identification and regulation of brokers. These were contained in a consultative document submitted to the Secretary of State for Trade in November, 1976.

The association successfully promoted a private member's Bill in Parliament based on these proposals. Sponsored by Mr John Page, MP for Harrow West, the Insurance Brokers (Registration) Act received the Royal Assent last July and comes into law this year.

The Act provides for the formation of a registration council to which those wishing to trade as insurance brokers may make application for their names to be entered on a register of accredited insurance brokers. The council was formed earlier this year with Mr Perkins as chairman and 11 of the other 16 members appointed by the BIBA. The remaining five consist of a member of the legal profession and four appointees of the Secretary of State.

Registration should begin about the middle of this year and by the end of 1979 any applicants failing to be entered on the register will not be permitted to describe themselves as insurance, reinsurance, assurance or reinsurance brokers. Anyone found to be in breach of this rule will be liable to a fine of £500.

Stringent professional indemnity cover will be a necessity for those firms on the register, while the council will be responsible also for administering a new guarantee fund. This will cover policyholders' claims for a good deal of their business on local agents have voiced anxiety about the eventual effect of the new laws at a time when the BIBA is also drawing up its own plans to regulate

Gerry Greaves

the council will administer the code of conduct and examine complaints by the public against registered brokers. In the last resort it has the power to strike a broker off the list.

Brokers will be required to be professional and to avoid extravagant claims just as they will be obliged not to disclose confidential information relating to a client's business unless otherwise required by law.

The new legislation has not come about entirely without criticism, however. Certain life offices which rely for a good deal of their business on local agents have voiced anxiety about the eventual effect of the new laws at a time when the BIBA is also drawing up its own plans to regulate

other forms of insurance intermediary.

These other intermediaries extend from so-called brokers to tens of thousands of full-time company agents and part-time agents like solicitors, accountants and bank managers.

The fear of some of the life companies, however, is that registration could eventually create a powerful professional clique, not least in the eyes of the public, to which many of their existing intermediaries, though they are of the highest integrity, will not be admitted.

Their criticism, however, has been extremely muted to date, not least through their desire not to be seen jeopardizing the industry's moves towards self-regulation at a time when the only alterna-

tive, in the form of government supervision, seemed much more fearsome. The companies have also been soothed considerably by the BIBA's own declarations that it has no desire to see respectable agents and other intermediaries driven from the market.

BIBA's main intention is that at the end of the day it will have a body almost akin to the Law Society and the British Medical Association, ensuring that the industry in all its aspects operates at least to minimum standards.

Regulations covering many facets of agency operators have already been brought into force by the Government in recent years.

Under legislation introduced in 1976 brokers and

agents are required to disclose to prospective policyholders any relevant connections between them and the companies they are promoting.

In another measure which also came into force in 1976 the structure of commissions payable to life assurance intermediaries was also reformed with consumer protection in mind. The main change was to base commissions on premiums rather than sums assured with a view to encouraging brokers to sell life policies which most suited clients need rather than those which offered the best source of commission.

The author is Insurance Correspondent, The Times.

Insurance broking

Specialization is rocketing

by Denzil Stuart

Specialization in insurance broking has reached the space age—literally. In the 13 years since the commercial insurance market started covering telecommunications satellites, some \$45m has been expended on premiums. But that amount is minute compared with the next stages of development. Annual premium volume is now running at about \$10m and is increasing rapidly.

When the world's first commercial satellite, Early Bird, was launched in 1965 it was insured only for pre-launch operations through the aviation market. Since then, major advances have been made in programme and policy design and in premium determination. Programmes written now begin at the completion of the manufacturing process and may include many covers packaged under satellite ground property insurance and satellite flight coverages. When America's space shuttle programme gets under way soon, \$100m will be at risk on each launch, plus, say, \$500m for liabilities.

These are the limits foreseen by Marsh & McLennan, the world's largest brokers, who have specialized in and led this market from the first, working in close collaboration with London brokers C. T. Bowring. This illustrates the point that specialization is often dictated by marketing needs. While the broker's primary function is to obtain the best possible protection at the lowest rate consistent with security, he must also be an innovator, devising new types of policies or creating new insurance markets.

Lloyd's brokers have always been renowned for their inventiveness and specialization. There are still brokers who as individuals specialize in one particular form of risk, but it is in the big broking houses that specialization has really taken off. Although these groups grow bigger as the demand for their multinational services increases, more and more their resources are being compartmentalized, partly because of the increasing knowledge and bargaining position of corporate insurance buyers. It is now commonplace for these broking groups to have separate companies or divisions to concentrate on, for example, marine, aviation, reinsurance, life and pensions, contractors' business, credit insurance, political risks, offshore and related risks, surety and special, and, now, products liability.

Brokers must find the right (and that does not necessarily mean the cheapest) market for many unique or unusual risks, and often this will mean specializing in umbrella and excess liability covers. In particular, the enormous insurance spending power of the United States has spawned much specialization, to the benefit of London, and will continue to do so.

Bankers' blanket bond business—an increasing amount of which has been flowing across the Atlantic to London because of a contraction in the American domestic market for this type of cover—is an example. Only a handful of the 270-odd Lloyd's broking companies are acknowledged experts in this, but collectively they bring to London invisible earnings worth many millions of dollars. It continued on page 25

British Insurance Broking takes the great step forward.

For some years, Insurance Brokers and leaders of public opinion alike have felt the need for a system of professional Registration, and for a single Insurance Brokers' Association.

With the passing of the Insurance Brokers' (Registration) Act into law and the formation of the B.I.B.A., both have been achieved.

In due course, Insurance Brokers will be required to apply for Registration to the Insurance Brokers' Registration Council, established under the Act.

Once Registration has been completed, only Registered Brokers will be allowed to call themselves 'Insurance Brokers'. And only Registered Brokers will be eligible for membership of the B.I.B.A.

This means that all members of the public will have the

assurance and security of dealing with professionally-qualified, fully independent Insurance Brokers.

And that you will have recourse to a powerful professional body should complaints arise.

For all truly professional Insurance Brokers, and for all their thousands of Corporate and private clients, it is indeed a great step forward.

If you would like to receive further information about the B.I.B.A., please write to the Association at the address below.

The British Insurance Brokers' Association.
Fountain House, 130 Fenchurch Street,
London EC3M 5DJ. Telephone: 01-623 9043

Chairman: Francis Perkins C.B.E., D.S.C. Secretary: Alan Teale A.C.I.S., A.C.I.I., M.Inst. Act.

B.I.B.A.

Price of advice

by Margaret Stone

Insurance brokers exist to sell insurance—but many of them provide an ancillary advisory service on a surprisingly wide range of other subjects. This is particularly true of the broker specializing in individual life assurance who is likely to give his personal client general financial advice on tax, investment and estate planning as well as insurance.

The role of investment adviser has developed logically from the insurance tax laws which, by permitting partial income tax relief on life assurance premiums in order to encourage the sale of protection policies, has actually had the opposite effect of making certain forms of insurance sell as an attractive and tax-efficient form of investment. Naturally brokers giving advice on life cover and in direct contact with most insurance companies have become part of the investment business too.

In the absence of a widespread investment advisory service anywhere in the country this extension of the broker's work has been welcomed, but there have been critics too. The reason is not hard to find. It comes down to the eternal problem inherent in a commission-based method of remuneration rather than a fee paid by the customer. Brokers have been accused of selling insurance in order to secure the highest commission; similarly it has been argued that some tender investment advice with an eye to their commission rather than the client's best interests.

In the main, however, the unit-linked assurance groups—selling single-premium property, equity, managed and gilt-edged bonds and regular premium policies—and, more recently, the unit trust industry have welcomed the insurance brokers for the extra marketing power they are bringing to their respective industries. In particular, linked life assurance, a fairly new form

of investment, relies quite heavily on the broker's not merely for their ability to sell the products but also for basic research into performance of the bond funds. Other than their own direct selling force and press advertising the bond fund groups have to rely heavily on the professional intermediaries.

Historically, the unit trust industry has had stronger connections with stockbrokers than with insurance brokers but as more and more stockbrokers form their own unit trusts the industry has begun to cultivate insurance brokers as unit trust salesmen, too. And it is the unit trust industry which has managed to secure for insurance brokers something that the insurance companies, in the main, have not. That is a differential commission rate for the specialist insurance broker who provides full investment servicing for his clients. The normal unit trust commission is 1½ per cent but since 1973 groups have been willing to pay an additional 1½ per cent to insurance brokers.

It is not a particularly marvellous financial deal for the brokers but it was psychologically flattering and has resulted in an increased sale of unit trusts by insurance brokers. Over the past two to three years this has resulted in the interesting experiment by three or four organizations of operating a fully fledged unit trust advisory service.

The brokers treat the 370 authorized unit trusts in existence as a kind of mini-stock market and advise customers on both the strategy and tactics of unit trust investment. As unit trusts offer significant capital-gains tax concessions, particularly to the well-heeled investor, the attractions of this kind of advisory service speak for themselves. There has been no feedback as yet indicating that customers have been dissatisfied with the investment advice they have been receiving from the principal companies operating such schemes.

The unit trust companies have welcomed this development but some still express reservations about the ability of some insurance brokers who set themselves up as investment experts. Where there is this criticism it is usually combined with the serious charge that some brokers evolve an active unit trust management philosophy for their clients in order to churn funds and thereby gain introductory commission—after each investment switch.

The accusations about indiscriminate switching have been applied equally to the bond market where the problem is rather deeper. Many more brokers are involved in the sale of single premium bonds than there are in unit trusts, not least because there is a definite insurance connection. The Life Offices Association has laid down the scale of commission for single premiums at 3 per cent of the premium, but higher rates can be paid by new companies starting up in business.

In addition, there are still outsiders who do not belong to the LOA and therefore can pay what they will in commission. Commission of 4 or 5 per cent is not uncommon and the temptations for a broker to advise his client to switch from one group's bond to another, and peel off another layer of commission in the process, are obvious.

It is too easy to argue that what is needed is a switch from a commission-paying basis to a fee-paying method of remuneration. In the first place it probably overstates the problem; there are many modest investors who get both good initial advice from their insurance brokers and good follow-up advice which may include warranted switching.

On the other hand, there is a case for a differential (higher) commission for the broker who does specialize in investment.

The author is Personal Investment and Finance Editor, The Times.



The other side of the coin

by Richard Allen

The fortunes of London's leading international broking houses have seemingly undergone a sharp reversal in recent months as an ironic consequence of the improved state of the British economy.

During 1975 and 1976, the continuing rapid decline of sterling and rampant inflation were causing much alarm throughout the insurance industry. But any tears shed by brokers were hardly discernible when merged with the flood-side of their own liquidity.

While the Lloyd's market

and the composite companies were talking ominously about capacity difficulties caused by having to meet commitments in harder currencies, the brokers were wallowing in the benefits of translating overseas premiums into weak pounds.

Helped also by high inflation, leading to increased premiums and high interest rates which enabled the brokers to make sharp investment profits on premiums before passing them on to the underwriters, the 10 main groups quoted on the London Stock Exchange

saw earnings increase on average by more than 120 per cent in two years.

There was a striking change last year, however. The sudden upward float of sterling last November left brokers looking at the reverse side of the foreign currency coin.

The heavy sterling profits that could once be made on translation of foreign currency evaporated. As sterling moved steadily ahead, companies risked losses on premiums taken in foreign denominations.

Meanwhile lower interest rates have limited further the ability of the leading companies to take extra rewards by investing premiums in the money mar-

ket; during the few months they are at their disposal, before being passed on to the underwriters.

The slowing of inflation has also affected the British groups' profits in a variety of ways. Lower inflation means lower premium increases, especially when growing world underwriting capacity is leading to much increased competition, as is most noticeable in the depressed marine market.

Brokers had previously been able to turn inflationary conditions to their advantage by keeping a sharp eye on their administrative costs and thus holding back expenses ratios. It helped that many of their expenses were not so directly linked to booming

Insurance brokers at the City firm of Sedgwick Forbes.

growth by companies for 1 indicate that pr air fares, rents and salaries, ahead by besw cent and 25 restrained either by com- despite the cat petitive forces or govern- formation, alth mental controls. Salaries have been uoi and related costs account tions. For exa for the lion's share of wick Forbes m brokers' expenses and they per cent, pre- could begin to rise sharply thanks to furth as a result of any further eases of pay restraint. However, despite rever- sales, the leading brokers are by no means gloomy about the stock in prospects. Most claim they end of 1977 would gladly exchange the a largely illusory benefits of a tumbling pound for a stable exchange rate and conse- quently a London under- writing market with a greater appearance of stability.

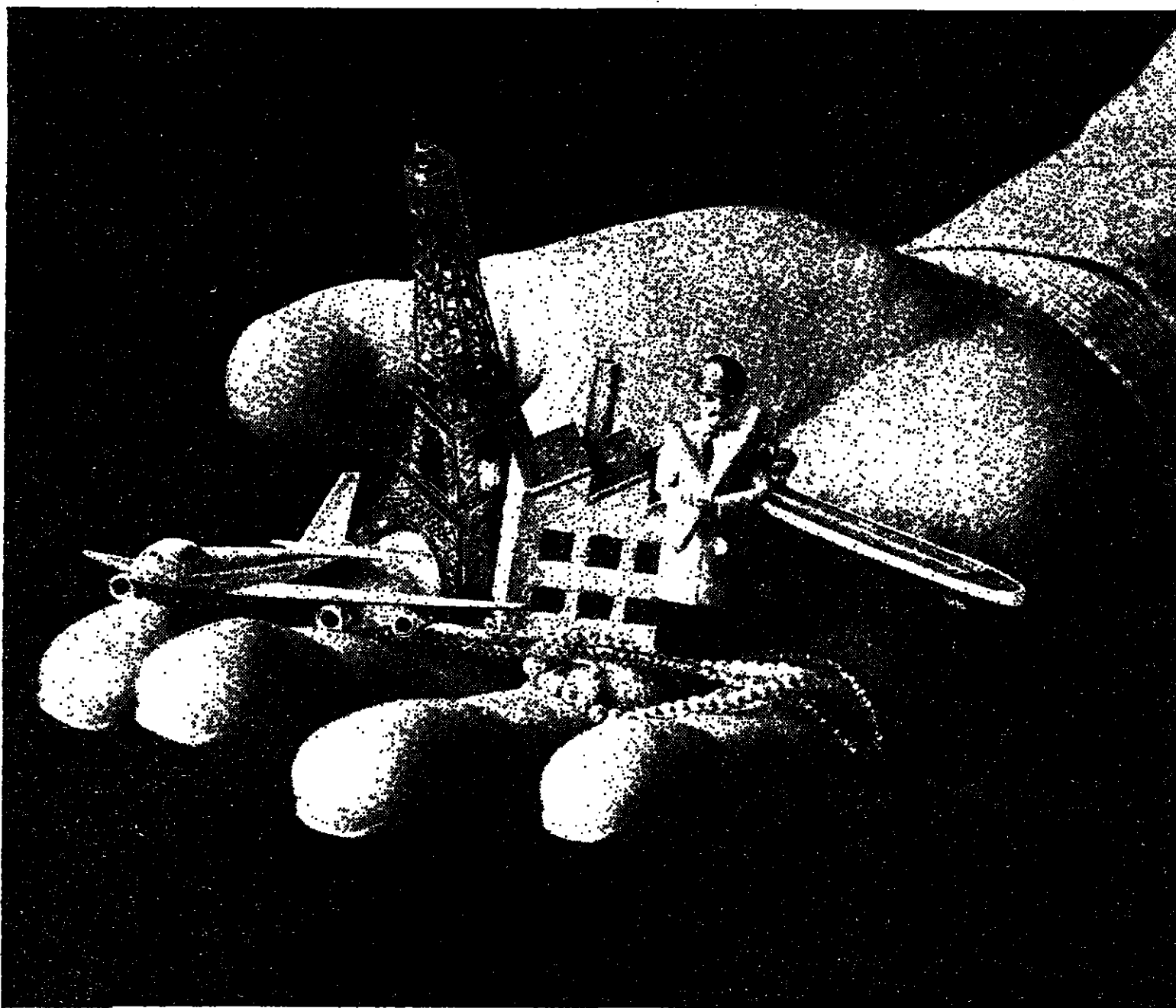
The fortunes of the whole insurance market are inextricably linked with the growth of the world economy, but the London insurance brokers believe they can continue to keep ahead of the general economic indicators for some time.

The leading groups are still benefiting from a massive increase in American business, mainly through links with American brokers who cannot place business in a domestic market which has been severely affected by the underwriting losses of 1974-75.

These losses, which were a result of fierce and unwise rate-cutting by American underwriters, have drastically reduced solvency ratios, and thus the American industry's capacity to write risks. Wall Street is still in the doldrums and it could be a long time before those margins are restored: many observers feel that any significant impact will not be made on transatlantic business for at least two years.

Meanwhile, new technology, such as jumbo jets, super-tankers and more recently off-shore oil rigs, are space projects, although tending to concentrate rather than notably increase insured assets, continue to offer substantial scope for

respondent, I



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Antagonism to Big Four continues

Some seven years ago a big event occurred in insurance broking: its significance was such that, in the short interval since, the league table showing which are the largest life insurance brokers has substantially altered.

It was in 1970 that the domestic clearing banks made a concerted effort to put their house in order in respect of the variety of insurance business conducted on bank premises. There most bank managers had run profitable little side-lines as insurance brokers; but how many customers who relied on their bank managers for advice on questions of personal insurance realized that it was the branch bank manager individually, not the branch, who picked up the commission?

The tidying-up operation decreed by the respective head offices of the big four resulted from the conjunction of a variety of circumstances. The series of bank mergers had been completed and, in the process of rationalization and consolidation that followed, it was inevitable that the enlarged banks' insurance broking operations should come under scrutiny.

Another factor perhaps was the persistent sniping about the value of bank financial advice when an individual bank manager might be seen to receive £5,000 (sum assured) Midland commission from some inland insurance services has some truth in the assertion that it is only the less competent brokers who complain; satisfied customers have no need to switch their insurance broker.

At the Midland and Lloyds, on the other hand, the attitude to bank branch managers is more relaxed. Lloyds Insurance Services was the persistent sniping about the value of bank financial advice when an individual bank manager might be seen to receive £5,000 (sum assured) Midland commission from some inland insurance services has some truth in the assertion that it is only the less competent brokers who complain; satisfied customers have no need to switch their insurance broker.

as property bonds and policies linked to unit trusts) and this was an area where the banks were actively involved as principals.

What is interesting is that, for all the universal agreement that some separation in insurance broking was desirable and inevitable, each of the Big Four has chosen to set up its insurance broking arm in a different way: it goes without saying that each thinks its system is the best.

National Westminster Bank set up its Insurance Services company in 1972 and among its distinctive features is its preference for operating a totally centralized service. The argument runs that instead of dissipating staff around the country, it is better to have all highly qualified and specialist staff under one roof and deploy them as required. Unlike its rivals it does not allow its bank branch managers any discretion whatsoever: all insurance queries, no matter how small, are evaluated by the centralized insurance broking arm which will provide follow-up visits if necessary.

At the Midland and Lloyds, on the other hand, the attitude to bank branch managers is more relaxed. Lloyds Insurance Services was the persistent sniping about the value of bank financial advice when an individual bank manager might be seen to receive £5,000 (sum assured) Midland commission from some inland insurance services has some truth in the assertion that it is only the less competent brokers who complain; satisfied customers have no need to switch their insurance broker.

(Midland) branches. Lloyds differs in basing its regional offices on its trust company network, arguing that the insurance work is inextricably linked with that of the trust company officers. Midland likes to secure its contacts with the hard-core banking side's regional coverage.

Barclays' insurance arm has a much stronger personal identity than the others. For a start it has a given name, Bisco, unlike the departmental titles of the others. It is also the only Lloyd's broker among the four and the only one positively to court business from non-banking customers.

More than any other, it is Bisco which has helped to generate the criticism against the banks as insurance brokers. The white heat of anger of the insurance broking profession against the clearing banks for encroaching on their territory has largely subsided but much antagonism still remains. Whether it is justified is another matter.

The banks are right to argue that the big international insurance brokers do not want to be bothered with the trifling, small-time private insurance they arrange for the individual. But the banks rarely mention the effect of their presence on the smaller insurance brokers in the provinces, who may be harmed. There is, however, probably some truth in the assertion that it is only the less competent brokers who complain; satisfied customers have no need to switch their insurance broker.

Are the banks' insurance operations a threat to the position of the insurance brokers and insurance companies? As for the interest, no one is aware of it. The branch managers seem to go on as if nothing has happened. All the insurance services applied for by members of insurance companies are still there. NatWest income (all sources) is still the largest life insurance company to expand business with accounts for 10 per cent of its. But like most, they will be through branch cuts the risk, the brokers' too great.

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Self-insurance

London leads in spreading the risk

importance of reinsurance has increased considerably in recent years for a number of reasons. But for London, the importance of reinsurance has grown in all proportion to its size.

By way of illustration, it is estimated that reinsurance premiums in 1977 were under £150 million, of which £40,000 million was reinsurance. This represents 27 per cent of the total volume of business. For many years, British brokers have been at the forefront of the reinsurance market, and it has been estimated that reinsurance for at least half the premiums handled, and reinsurance often through long-term contracts. Thus the broker is often by-passed, although in the case of complex non-proportional business, the broking community invariably becomes involved because of its technical skills.

British brokers, however, enjoy a distinct advantage

negotiated separately with underwriters through to proportional reinsurance. This usually takes the form of a standing arrangement between insurers, whereby a set proportion of the direct underwriters' business is automatically reinsured.

The reinsurer becomes responsible for claims in direct proportion to the percentage of premium he receives. There is also non-proportional reinsurance under which the reinsurer undertakes to cover claims in excess of a certain agreed level, invariably passing on part of this risk to yet another underwriter. Much of this reinsurance is under treaty and involves direct links between insurers and reinsurer often through long-term contracts. Thus the broker is often by-passed, although in the case of complex non-proportional business, the broking community invariably becomes involved because of its technical skills.

British brokers, however, enjoy a distinct advantage

as London is still the world's most important reinsurance centre. This advantage is further enhanced for most of the big firms by their unique position as accredited brokers to the Lloyd's market.

It is estimated that well over half Lloyd's business is in the form of reinsurance and Lloyd's underwriters can take this business only from Lloyd's brokers. Reinsurance has grown rapidly as a result of insurers' need to spread risks among themselves at a time when insured values—and potential claims costs—have soared as a result of inflation and technological innovation. In aviation, for example, the introduction of jumbo jets has produced an alarming concentration of risk while in the marine market the creation of super-tankers and offshore oil platforms with insurance values of up to \$500 million have necessitated heavy reinsurance worldwide to spread the potential cost of disaster.

A significant source of reinsurance growth involving British brokers, however, has been the nationalisation of developing countries rather than any massive increase in insured values.

Particularly in the Middle East and Africa, many countries are legislating to take the insurance business into local ownership, with the result that cover in the first instance is given by government or quasi-government insurance companies. However, in most cases the potential liabilities are far in excess of national capacity and much of the business has to be laid off with overseas insurers. These trends are most evident in recent marine insurance practice in several African and other developing countries. To increase the volume of business handled by the domestic market several governments have passed laws making it obligatory for all imports and exports to insure their goods in that market. This enables them steadily

to increase the capacity of the local market and perhaps more importantly to preserve foreign exchange. The practice has come in for some severe criticism from the international markets on the basis that it tends to distort the international character of the marine business while removing freedom of choice on the part of those insured.

Critics point to the parlous state of world marine markets, where over-capacity is leading to what some regard as dangerous rate-cutting. However, as long as claims continue to be settled quickly and fairly, with the help of sensible reinsurance arrangements, frequently murmured warnings about potential collapse in the market are unlikely to be heeded. Many brokers handling this type of reinsurance become involved in a two-way flow of business which only serves to increase the commission benefits. Many countries insist on reciprocal inward reinsurance business

to counter the outward flow and meetings between brokers and foreign reinsurance groups often develop into haggling sessions over the near swapping of different lines.

Brokers have also seen significant growth in the development of "captive" insurance companies, set up by large industrial concerns primarily to handle their own insurance business. These enable the company to retain a small share of the risk. But more important by establishing the "captive" in a tax haven like Bermuda the group involved can build up reserves on a tax-free basis. There are now several hundred of these "captives" with many established in Bermuda. Recognising the prospects for substantial reinsurance business, many brokers have become involved in providing practical experience and in many cases the actual establishment of the "captive".

R. A.

Fairer to broker and consumer

by Danby Bloch

Life assurance commission is still a delicate subject. After long and sometimes acrimonious negotiations, most British life offices agreed on a new scale of commissions paid to brokers and others who sell life assurance (except for direct salesmen working exclusively for one company).

The old system of paying commission of 2 per cent of the sum assured for endowment and whole of life policies was swept away and replaced by a new structure based on the amount of premiums paid by the policyholder. The Life Offices' Association and the Associated Scottish Life Offices believe that the new commission structure is much fairer to both broker and consumer because it encourages the broker to advise on the choice of a life policy in the market where clients are used to paying high fees and need the broker's services on tax and other areas but do not necessarily want to buy life insurance. It is safe to assume that most policies will continue to be sold on a commission basis, many by brokers who try, usually with considerable success, to reconcile the dual responsibilities of acting as agent of the life offices and impartial adviser to the client.

It seems fair that insurance companies should be free to remunerate agents who conduct business on their behalf and consumers may actually prefer to pay for the services of a broker indirectly and on a results-only basis; they can take advice and obtain quotations without necessarily incurring any cost, unless they decide to buy. Even then, commission is a fairly painless way of paying for a broker's services.

An immediate reaction of many people when they learn how much commission was paid out on a policy they have bought is to say that the level is much too high in relation to the total value of the transaction. Solicitors and accountants now have to declare to clients the value of commissions they receive and it is arguable that brokers should be equally open. Generally, however, consumers are ignorant about marketing, distribution and customer servicing costs in any industry. Commissions have to cover expenditure

on salaries, rent, and other overheads as well as the cost of free advice to those who do not finally buy. Moreover, building societies, solicitors and accountants increasingly expect a share. In relation to the fees and commissions earned by other professionals, the life broker does not seem to be overpaid, particularly since most other professionals can expect to receive annually recurring income from many of their clients.

A more potent criticism of the new scale of commission is that term or temporary assurance is not sufficiently rewarded in relation to the more investment-related contracts. The premium and therefore commission for the same sum assured will be many times lower for term assurance than endowment or whole-of-life cover. The position is very much better than it used to be, when it was quite common to hear of students who had been sold whole life non-profit contracts. Term assurance is probably the most commonly required form of policy and yet most brokers could not survive if this were their main business.

Nevertheless, in spite of these and other criticisms, the new LOA commission agreement has by and large helped brokers to be reasonably impartial in their advice to clients and a certain amount of rigidity in the system is a price worth paying in order to achieve an orderly market.

TABLE OF MAXIMUM INITIAL COMMISSION	
Commission is based on the level of annual premium and the number of years over which it is payable. In general they are as follows:	
Whole of life—2½ per cent of premium for each year up to 90 per cent of premium	Endowment—2½ per cent of premium for each premium up to 60 per cent of premium
Term assurance—10 per cent of premium for each year up to 60 per cent of premium	Single premium bond—3½ per cent of premium
Amortised—2 per cent of purchase consideration	Pensions (self-employed and individual employee arrangements)—3 per cent of premium for each year up to 50 per cent of premium.

The author is a director, Raymond Godfrey & Partners.

Shipping founders on overseas reefs

going round a larger number of names this year.

Unlike other parts of Lloyd's the marine market is formally regimented through the Joint Hull Formula, set out by the Joint Hull Committee which is revised every few years. The formula sets out, in graph form, what the level of premium should be taking into account the individual fleet's claims experience over the years. Faced with dwindling revenues the shipowners are clearly putting pressure on the market to reduce rates and premiums on insuring their often unprofitable fleets. There are reductions for laid-up vessels. There is some scope for reducing values of vessels, or the extent of risks covered, and the Joint Hull Formula is breached here and there—more than is certainly undercut by overseas markets when the pressure is on. With the marine market itself in the doldrums for the foreseeable future, until the long awaited improve-

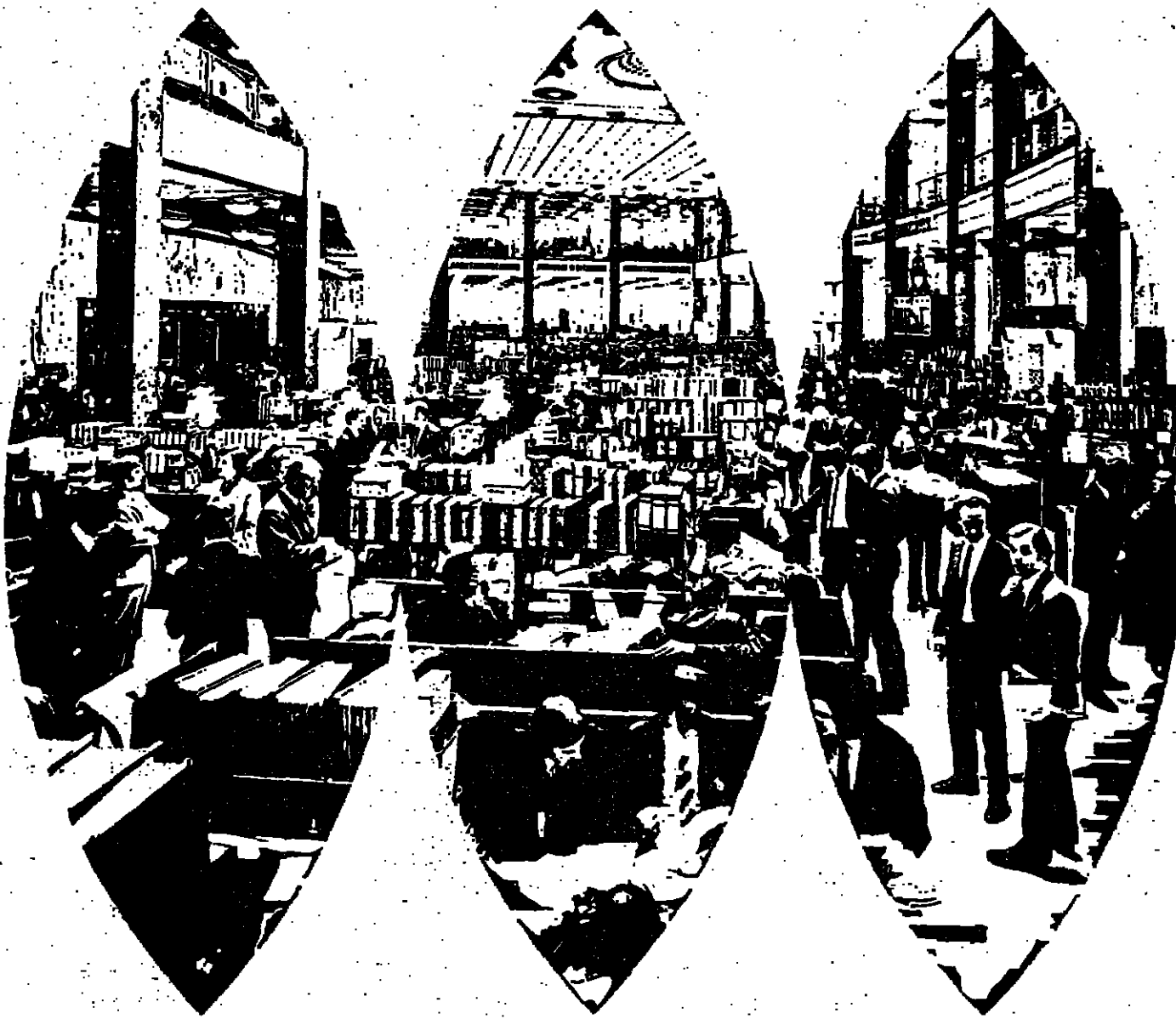
ment in world trade materializes attention has been focused instead on the related cargo market. Here there is no set formula as in the marine market and competition for business has been fierce and keen. Brokers estimate that cargo rates may have fallen by as much as a fifth in the past year. The global recession clearly affects this market too, but there is an increasing stream of business involving substantial Middle Eastern capital projects to be fought over. It has been up and down in the aviation market, which is fundamentally a fellow sufferer through economic recession. The Tenerife air disaster in March, 1977, led to an immediate tightening in rates. Lloyd's carried part of the \$60m whole loss. A loss of this size is an immediate cash flow drain and rather more than the assorted liability claims that follow in its wake, has an immediate impact on the market. So from March till the turn of the year the effects

of the Tenerife disaster overrode the competitive pressures. But by the beginning of 1978 these had resorted themselves. Several operators have left the aviation market for greener pastures and rates have come down for the large fleets with good records. In complete contrast to the aviation and marine markets rates for professional indemnity and products liability have risen sharply over the past year. Both reflect the growth of consumerism and come at a time when public attitudes are undergoing a discernible shift. As far as professional indemnity is concerned one of the major changes is the increased vulnerability of financial advisers to legal action from discontented clients. Several firms of chartered accountants have settled substantial claims out of court over the past two years. The profession has been under fire for not requiring sufficiently high standards of its members.

Not only have rates of premium increased but the amounts insured have shot up. Whereas a professional firm might have, three years ago, covered itself for £250,000 and felt that to be sufficient, it is likely that the amount could be as high as £5m now. One leading insurance broker has insured itself for £30m. The Law Society scheme which is being renegotiated will give some guidance on how far amounts insured and premium rates have moved. A few years ago the Law Society initiated a controversial scheme for solicitors on a joint professional basis with premiums worked out on the number of partners in a firm. This is compulsory. The Law Society and the insurers have been attempting to negotiate a new annual level for months but clearly when a new deal does emerge premiums will be substantially higher than the last fixed level. Products liability has presented the Lloyd's market

with a considerable headache because of the moves towards increased consumerism in the United Kingdom and the fear that the example of the United States—where recent compensation claims have in some cases become wildly out of hand—will spread to Britain. Brokers who have been trying to renew cover for manufacturing clients who export to the United States report that premiums have gone through the roof—that is when they can find an underwriter prepared to accept the risk at all. Product liability insurance is based on turnover and the rates applied to that proportion of sales expected to be exported to the United States have in scores of cases risen by 10 times or more in the past year or so. In many cases smaller manufacturers have been forced to abandon export business because the premiums would wipe out profits. It depends partly on what you are producing.

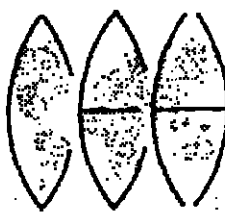
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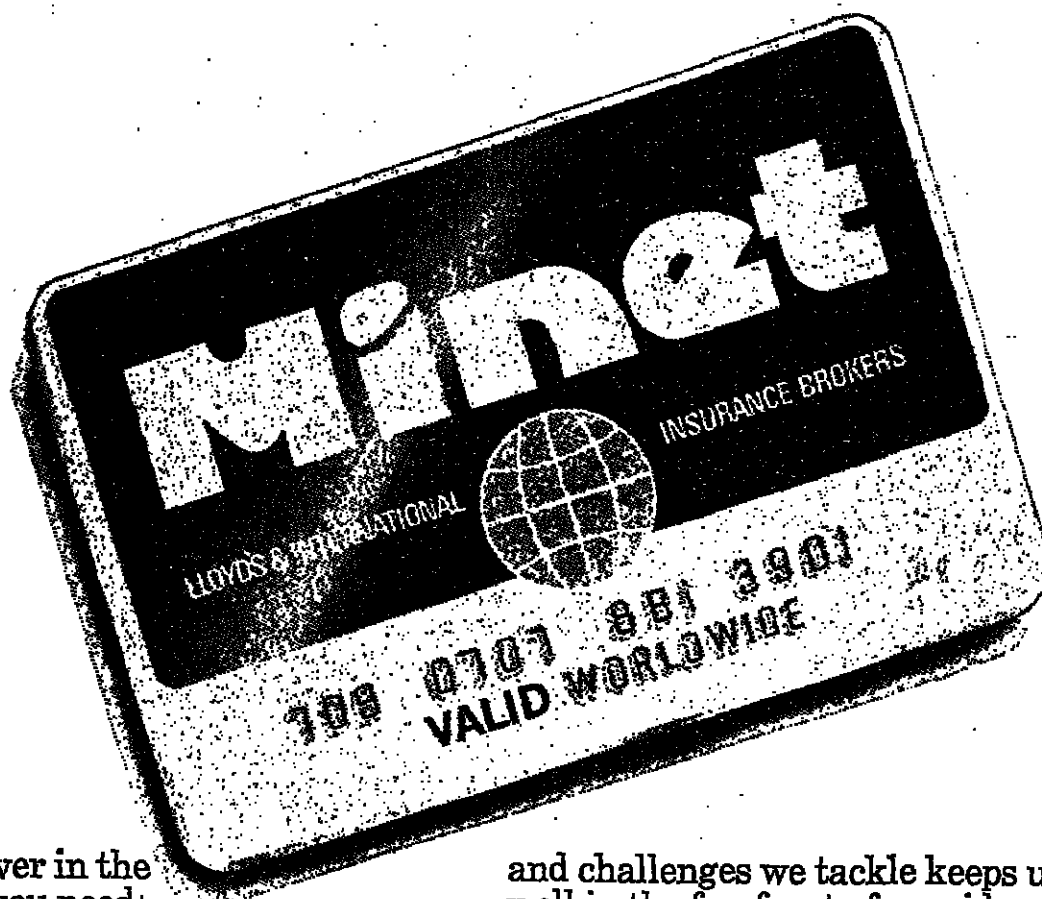
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Jeff Smith

Small scope among the captives

by Andrew McCrindell

Before the Second World War, the only brokers who existed in Britain were those operating at Lloyd's and they were mainly concerned with marine insurance. But because of the marine connection, it sometimes happened that large importing firms (for example, flour millers) would place their fire insurance with brokers, either London-based or a provincial firm associated with a Lloyd's broker.

Tariffs for fire, employers and motor business tended to stifle competition. However, the rapid expansion of road transport during the 1930s produced a crop of mushroom motor insurers and the inevitable insolvencies (names such as the White Line, North and South, and South-East Lancashire come to mind).

Other forces which were destined to destroy the motor tariff were already at work. Workmen's compensation insurance (the prerogative of private insurers from 1906 to 1948) had sustained its series of insolvencies before the First World War and nationalization in the early stages was avoided only by an agreement between the Accident Offices Association (which controlled the tariff) and the Home Office that insured would receive a rebate of premium in years when the combined loss experience was less than 62½ per cent. None the less, it was in this area that mutual companies catering for the needs of a particular industry—for example, the Iron Trades Mutual—began to operate.

The mutual concept had an important influence on the formation of the first captive insurance companies. The cautious attitude of the

fire and marine markets towards the inherent hazards of the oil industry resulted in the formation of the Tanker Insurance Company—Britain's first captive—in 1920. Because of a severe explosion at a munitions factory in Silvertown in 1918, makers of explosives encountered penal rates and sanctions by the conventional insurance market and decided to set up their own fund: a process pioneered by Alfred Nobel.

The gamble paid off but Nobel found that while losses could qualify for tax relief, premiums did not. Moreover, the attitude of the Board of Trade was such that the scheme constituted unauthorized insurance so another captive, Nobel Insurance, started trading in 1927. Shortly afterwards, the explosives manufacturers and several important chemical industrialists were swept into the giant consortium of Imperial Chemical Industries and the title of Nobel Insurance was changed to Imperial Chemicals Insurance.

At that stage, the process of self-insurance was more in the nature of a defiant gesture towards a reluctant market than a conscious appreciation that a carefully-studied plan of non-insurance can make a useful contribution to the profitability of a company. This latter aspect had already made considerable progress in the United States where a Society of Insurance Buyers was formed more than 100 years ago.

The insurance buyer was the precursor of today's risk manager but it was not until the 1960s that risk management made any formal impact in Britain—first by the establishment of the Association of Insurance Risk



Disasters such as that which occurred at the Flixborough chemical plant, Humber, are primarily the concern of the reinsurer.

Managers in industry and Commerce and second with the efforts of broking houses in setting up their own risk management divisions. The four principles of risk management are risk avoidance, risk reduction, risk absorption and risk transfer. The insurance companies had encouraged risk reduction from the time they operated their own fire services and the terms of many marine and fire insurance warranties promoted risk avoidance. The captive process introduced the concept of risk absorption—both in relation to non-insurance and self-insurance.

What has been the effect on brokers with regard to captives? This is a difficult question to answer—simply because of the extraordinary degree of change which has occurred in world markets since 1945. In 1939 there was only a handful of British captives—Imperial Tobacco followed the example of its chemical colleagues in 1929 when the Tobacco Insurance Company was created. Unilever formed Blackfriars Insurance in 1937, although before that they had been insuring with the Prudential. Captive of their Dutch subsidiary incorporated in The Netherlands in 1920.

The effect on the (then) relatively few brokers could have been unfavourable but on the other hand any business placed with Lloyd's would have to go through a broker: here the loss of a direct account could have been offset by the need for reinsurance. Since the

Second World War there has been a monumental change in the size and concentration of value in industrial coupled with an increase in losses, hazard and potential. For many the London market managed to gear itself only to events such as—though not also to the sequences of natural disasters such as earthquakes and hurricanes.

Within the group serving the captive in a sense with risk management principles, certain risk not be insured at all, next layer (going up) will be placed with the captive either as a panel or as an individual. The second alternative being handled either by a reinsurer with direct cover or additional layers for ever limit may be set or the captive can set the top limit and reinsure the excess of its own.

It is here that the considerations arise: is the better bargain? Opinion seems to differ whether a captive insurance company should operate parallel with a captive insurance company. It really comes down to a distinction of difference. Despite the fact that the captive market still has power to create "own agencies" which it does as a risk manager, and it would not need to induce an industrial operating a captive. The difference in the commission paid in circumstances and according to brokers' and would not need to induce an industrial operating a captive. The difference in the commission paid in circumstances and according to brokers' and would not need to induce an industrial operating a captive. The difference in the commission paid in circumstances and according to brokers' and would not need to induce an industrial operating a captive.

Harsh tax ex

Helping to speed a settlement

by John Gaselee

Naturally, the culmination of a broker's work for his client is when a claim is settled under a policy which the broker has arranged. There is no set pattern as to the involvement of a broker at the claims stage. For a large risk, spread round the London market, and perhaps overseas, the broker will negotiate the claim on behalf of his client, and will collect the appropriate amounts from the interested syndicates of underwriters at Lloyd's and companies, passing on a single figure to his client.

That could be a slow process; over the past few years, in the London market, various moves have been made to speed claims settlement, and, almost certainly, there is scope for further improvement. In the case of a large loss (such as the total loss of an airliner) where it is quite clear that there is a claim, and how much shall be paid, there are facilities in the market for a broker to be able to hand the client a cheque within a matter of days.

In the past, there have been unwarranted criticisms of the insurance market regarding its alleged tardiness in settling liability claims, particularly in connection with those killed in air crashes. Seldom can the blame for delays be laid at the door of insurers. In many cases, the delays result from claimants and their legal advisers holding back, in the hope of securing higher compensation. Usually, the insurance market would like to be able to settle liability claims much more quickly than, at present, they find possible.

Inevitably, on occasions, there is some dispute whether a claim is covered under a policy or, if so, how much should be paid. Sometimes, with a borderline case, the negotiating skill of a broker and the size of the broker's account with a particular insurer can be an advantage to a policyholder. Where, however, any disagreement cannot be resolved by negotiation, solicitors must be called in, and the claim, eventually, may go to court. Brokers make the point that they are not solicitors (although some brokers have one or more solicitors on their staffs), and there is a limit how far they can go in seeking a settlement for their clients.

With smaller types of insurance, a client may claim direct against the insurer, with the broker remaining in the background, to give advice or to try to iron out any problems which may arise. Often, for small and straightforward claims, the direct involvement of the broker is not necessary, and a policyholder can have a cheque in his hand more quickly by dealing direct with the insurers.

Increasingly, for certain types of business which are relatively straightforward and routine, brokers are acting to much greater extent on behalf of the insurers with whom the business is placed. As an example, one can take some household or motor insurances. Here, dependent on the standing of the broker, and

the broker's views on the subject, within predetermined limits, not only may the broker accept business on behalf of the insurers, but also may settle claims, up to a maximum figure. Usually, however, a broker's involvement in claims settlement excludes any third party claim, however small it may appear to be.

There is no doubt that this practice can result in an overall saving in administrative expenses (which should be to the ultimate benefit of policyholders). It suits some brokers to have limited claims settling authority, since, for quite a high proportion of claims, they can provide a better service. If a client receives prompt claims settlement, that must be an important point in favour of the broker, and will create goodwill with the client.

Not all brokers wish to have claims settling authority, even when insurers are prepared to grant it. In the first place, handling

claims on behalf of insurers is expensive from the administrative point of view, and not all brokers feel that the benefits, in terms of goodwill generated, justify such expenditure.

Also, there are occasions when this practice can generate ill will, rather than goodwill, towards the broker. Where, for instance, a claim is not covered by the policy, in a client's eyes, the "blame" may lie with the broker. A broker with claims settling authority will find it difficult to avoid that, whereas in other cases, a broker could say that, despite all his efforts, insurers were adamant. Some brokers feel that taking on too much work on behalf of insurers can put them in a difficult position since, on occasions, they may be faced with a situation of divided loyalty.

Brokers hold varying views on how they should help policyholders to recover uninsured losses. A typical case is where a

broker's client is in collision on the road with another motorist, and it is felt that the collision was caused by the latter motorist's negligence. While the damage to the car belonging to the broker's client will be settled by his own insurers under the knock-for-knock agreement, the client will have to meet the amount of any excess under his policy—unless he can make a recovery from the other side.

Making such a recovery has the added attraction that it may result in the client's no-claim discount being allowed in full at renewal. Although it is not strictly part of a broker's duty to help a client to make such a recovery, a few brokers do help, despite the cost involved, looking on this as a way of earning goodwill and securing more business by personal recommendation.

Other brokers are prepared to give a limited amount of help, on payment of a fee—which may be a fixed amount, related, in some way, to the amount involved. Inevitably, ever, policyholders, reluctant to pay a fee no recovery has been. Other brokers, who are directly involved in some cases, a broker prepared to give his draft letters which, used for making the claim against the other or his insurers, and to counter the argument that the other side is a motorist should not. On the other hand, brokers make the point that they are not solicitors and cannot go the whole way in making a claim. They may, therefore, pass on the name of a solicitor prepared in such business. A solicitor is successful fee may be paid on the other side. Useful arrangement may be made, parts of the fee there is a dearth of solicitors prepared to do this work.

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Lloyd's List

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by Bloch

By Bloch

capital transfer tax imposed in 1974 by Congress on gifts to offices and individuals who believed that they would generate a change in estate tax law. New contracts were signed and many brochures, charters and letters were sent to the tax and other groups. They were brought on stage at the annual meeting.

In these initial years, there were too high, too low and now agree that there has been a very real role in modernizing and anybody can see the potential CIT program in considering using it as part of a competent plan.

It's much more than its present duty—which, there were so many examples for avoidance, a voluntary levy charged on gifts made by persons or their estates on transfers and the tax is cumulative.

A person who makes direct gifts of say, paid pay \$2,375 at year end, if he or she has an estate of say, \$100,000, would suffer further \$136,375. If the estate are not to pay the tax, his or hers might well be a serious liquidity crisis.

If there are a lot of important people and relief in action. In particular, a person can give

away a total of £2,000 of capital each year, free of tax; individuals can also give £100 a year to an unlimited number of recipients and make regular annual gifts from income, as long as they do not exceed 5% of their standard of living.

For the most part, the role of life assurance gifted through a trust is to make the most of the key exemptions, so that heirs will have a large tax-free lump sum available exactly when it is needed to fund the liability.

Perhaps the most commonly used contracts for CTT purposes are endowment and whole-of-life policies. Endowment policies can be used to provide funds for a specific tax liability which will arise at a particular time in the future. For instance, a 30-year-old man wishing to transfer private company shares on his retirement at 65 might start a 15-year policy with profits endowment.

For an annual premium of £2,000, a Norwich Union policy would provide an initial sum assured of £55,479, building up to an estimated £48,000 when it matures after 15 years. This would be enough to fund the capital transfer tax on a taxable transfer of £200,000 at lifetime rates.

Most married couples usually choose to pass down the bulk of their assets when they have both died. Since transfers between husbands and wives are not taxable, this means that the main tax liability will occur

on the second death. In order to make this work there is enough cash available to pay the CTT on the second death and also to use the exemptions fully, a couple might consider a whole life and last survivor policy.

Under this both lives are insured and the capital sum is paid out when both have died. For example, a 50-year-old man with a 48-year-old wife could start a policy with premiums of £1,000. As the start of the policy the sum assured is £37,915 and this should grow with the current level of bonuses to a claim value of £117,840 by the time the man has reached the age of 75.

However, there are many ways of using life assurance as part of the CTT planning process and a variety of different policies available to suit particular circumstances.

Term assurance is used to cover the extra CTT payable on the taxpayer dies within the next 10 years, making a taxable lifetime transfer.

Whole-of-life non-profit is used to provide a high level of immediate cover on a permanent policy and is almost exclusively used for older people.

Flexible endowment can be surrendered partially or completely at any time after 10 years in order to fund one or more life transfers at some time in the future. The corresponding unit-linked maximum investment plan has a similar role.

Pension schemes can be used to safeguard a person's

dependants while he undertakes an efficient programme of gifts in order to save CTT.

Life assurance has special advantages for CTT planning. The existence of the assurance cover eliminates much of the danger risk of a donor's premature death stopping an intended programme of gifts.

A donor can start a policy which gifts the funds effectively but retains the ability for him to terminate or take back the funds for his own use without a CTT charge. Admittedly, this can be done through media other than insurance. Furthermore, where a gift policy has been arranged to mature at death, the proceeds should be payable immediately, without production of probate.

In any event, life assurance is also an income tax-privileged investment. The donor can claim on the premiums and the fairly low rate of tax on income accumulating in the policy.

Life assurance may, therefore, be part of the planning process but this will not always be the case. However, nobody should embark on a programme of gifts through the medium of a life policy if then cannot be very certain of meeting the premium payments. Prematurely terminated policies can be very uneconomic.

Life assurance is therefore the answer to all CTT problems and the prudent person will beware of those who try to sell insurance as a panacea for all his capital transfer tax difficulties.

overseas insurers about whom they have had a little doubt in connexion with security. Normally brokers have advised their clients of the position, leaving the clients to make the final decision. In some cases, clients felt it acceptable for part of the risk to be placed in a cheaper market, despite the fact that the security was not of the highest order.

More recently, security appears to be playing an increasing part in the thinking of both brokers and their clients. This may be because the risk is reaching an unacceptable level, or simply that clients are not prepared to accept the risk of an insurer failing to meet a claim, despite the lower premium charged.

Sometimes brokers are under some pressure to use insurers about whom they have doubts. For instance, they may be faced

is an important and time-consuming task. A broker's reputation depends on the success of this back-room work. While insurers pleading their own merits to the insureds through brokers may provide a black list of those insurers which they will not accept, to some extent they will rely on the expert knowledge of the brokers to use only insurers of high standing.

At present it seems clear that some overseas insurers may well be heading for trouble. It is the duty of every insurance broker to make sure that his clients will not be caught.

In assessing whether to use a particular insurer a broker takes much more into account than the bare figures shown in the company's accounts. One factor which can have a bearing is the political situation in the insurer's country of origin.

importantly, have not had important insurance markets. They are short of expert knowledge. That could prove expensive for them and, perhaps, for their policyholders.

Also a broker has to take into account the type of business which may be placed. With some classes of business, claims can be settled promptly; with others, notably liability business, but also such areas as marine insurance where repairs may be deferred for years) a broker has to be sure that the insurer will still be in business when, finally, the claim comes up for payment.

Assessing security is very much an exercise of looking into the future; good experience in the past is not necessarily a guarantee for the future.

J. G.

from page 21-

From page 21

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Mr E. J. Gordon Henry, a leading broker who knows the American market well, said recently: "In a tiny area of London, with Lloyd's at its centre, there is concentrated an amount of financial, insurance, maritime, variety, unique experience and unquestionable skill which can be covered on foot without walking more than a few hundred yards and where the knowledge and understanding of the underwriting of American business which is astonishing in its scope.

"It is the capacity, the security and the knowledge of this market which has enabled the United States to open up the United States and offer through American brokers and agents to American buyers of insurance, both corporate and private. Both they come to the United States and the enormous market and competes with other foreign

The increasing technology and complexity of the energy industry, offshore oil and gas exploration and production to onshore liquefaction plants—is causing some brokers to form separate companies and, significantly, to employ young people from within the oil industry to help them.

Specialisation of a different kind is demanded of any broker doing business in the Middle East. He must know his insurance but he must also be aware of and competent to solve the many and complex problems pertaining to legal, contractual and labour matters, not to mention religious considerations in some. But the vast and unending projects in the Middle East lead them to themselves to the packaging of insurance covers.

Mr. John Beer, of Nacso Insurance Brokers, specialists in the Middle East, explains: "The contractor, or construction company, must first consider the insurance needs of the project. Mechanical works, then there are the ancillary insurance such as bonding, marine cargo, workmen's compensation, motor, personal and medical expenses. All this insurance can be packaged."

The more standard insurance requirements follow when construction is completed: fire and associated perils, consequential loss, theft, and third party liability. Life cover for travel, travel, cash in transit and burglary. Again, all this can be put into packages.

A fringe area of specialization arises from the professional indemnity required by consultants and architects.

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E principle binds
motor underwriters

Lloyds' and there are about forty different syndicates. In the main, they are in a competition with each other, although, for certain classes, consortiums of syndicates have been established.

Underwriters at Lloyd's insure about 20 per cent of the private cars on the road. This has largely been possible because of the various leasing arrangements which have been set up, whereby a Lloyd's broker introduces a provincial broker to one or more syndicates, and thereafter the dealings are direct between the broker and the syndicates.

The Lloyd's broker remains in the background, ready to help in any way, guaranteeing the payment of premiums to the syndicates.

Brokers, naturally, know he likes and dislikes of individual insurers. In the past, few years ago, rating business has developed with brokers taking into account many more individual factors relating to a risk than in the past.

Inevitably, with wide variations in premium charged, there are big differences in the standards of cover and settlement of claims. Some policies give wider cover than others, and some insurers make a more lenient line than some of the more conservative elements in the market.

Also, the speed of service after a claim, and the general attitude towards certain classes of claim can vary widely between insurers. Perhaps brokers will be able to find out clearly from

their clients to believe they would like to be with a "generous" insurer, bearing in mind the cost, or whether price is all-important with the result that a settlement may present more problems.

Some years ago, if faced with a difficult motor risk broker probably could persuade an insurer with whom he had a large and favorable account to take the risk.

Now, however, some insurers are much less willing to oblige in that way; instead, there are specialist insurers (often open only to brokers) who set out to make an underwriting profit out of the "less attractive" or "impaired" business. This is a class where the drivers with poor experience are not subsidized by better drivers.

Naturally, insurers are anxious to cut the administrative costs of handling motor business; there is growing interest in schemes which can bring in a large flow of business, with a lower than normal handling cost.

In some cases, insurers have set up schemes with employers and others, to secure large blocks of business. Many schemes, however, have been set up by brokers. In some cases, a broker may take only a nominal commission, while the business agent handles on a direct basis with the insurers.

One firm of brokers, for instance, has established such a scheme for Vauxhall cars with a syndicate of underwriters at Lloyd's. In view of the lower commis-

tion, and the group discount which is allowed, premiums for individual motorists are between about 32 per cent and 33 per cent lower than the rates for those who are placed with the syndicate in the traditional way.

Inevitably, as scheme after scheme grows, other brokers conclude that it is a profitable business for them to do, that, however, is what competition is all about. If costs for the motorist can be reduced (without reduced security or doubts about security), this must be to the benefit of the public.

Nevertheless, having said that, some schemes which are particularly competitive, and which are being offered in the market for ever. For an insurer, motor insurance is one kind of business which can be attracted quite easily, simply by reducing prices. In practice, however, business which is attracted so easily tends to prove unprofitable.

In the future, brokers with high standards can attract both insurers and motorists in a variety of ways. At the moment it appears that though many claims are being made which, in some cases, are fraudulent.

It is very difficult for insurers to obtain the necessary proof, but, in some areas, it looks as though premiums are up to the level of the highest. This should be necessary as such claims should be eliminated. Insurers see brokers as being in the front line, and the best people to spot possible problems when a proposal is made.

J. G.

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Appendix 1

THE TIMES

BUSINESS NEWS

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Ps may question role of ministers in events leading to Spillers closures

Corina Booth, Secretary of Employment, is to be notified by the decision of the dismissal of 8,000 bakery workers, a breach of the provisions of the Employment Protection Act. The Government feels that the company may be subject to two penalties: one a fine of £400 and the other a fine of up to 10 per cent of the company's turnover.

Inquiries by The Times throw new light on Mr Silkin's statement and other government declarations of concern about Spillers' difficult decision to close down 16 per cent of the bread market. The important assets to RHM and ABF, requiring official Whitehall approval under monopoly and mergers regulations.

Mr Silkin's statement on August 17, 1977, at his invitation for "a general discussion on the position of the baking industry". These talks covered restrictive practices, the power of supermarkets, price control, and excess bakery capacity.

Mr Silkin asked the federation if it would care to put forward some specific proposals to provide a basis for future discussion.

After industry consultations, the bakers sent outline proposals to the minister on November 11, 1977, with a copy to Mr Hattersley. These covered discounts, restrictive practices, and excess capacity.

On the last of these three issues, the bakers forecast that it might be necessary for the Ministry of Agriculture to sponsor a reduction in the industry's production resources to ensure a balance between supply and demand.

Up to this point, not all the bakers felt—but most did—that an invitation to the Government to sponsor such an attempt at restructuring would lead to an investigation which, even if well intentioned, could reflect a proper understanding of all the factors which needed to be taken into account. In short, ABF was not too enthusiastic.

Certainly Spillers supported a government-led approach to sorting out excess capacity.

On January 30, 1978, Mr Silkin replied to the Bakers Federation's suggestions for government help. His letter said: "I am not sure at present whether there is a role for the ministry in this area, or what that role might be, but if there is a consensus amongst you members on the subject perhaps you would let me know."

The letter added that in that case exploratory discussions

EEC accord reported on enlarging of 'snake'

From Michael Horneby, Brussels, April 12

EEC heads of Government agreed to create "an enlarged snake" monetary system at their summit meeting last week in Copenhagen, according to a report by Agence, the Belgian News Agency, of a speech last night in Antwerp by Mr Willy Claes, the Belgian Economics Minister.

Mr Claes did not elaborate but he would appear to be running in advance of heads of government in assuming that such a decision has already been taken.

At the Copenhagen meeting, Mr Callaghan and his eight EEC colleagues—certainly a large part of their discussions—monetary questions and to proposals for establishing "a zone of monetary stability".

These ideas are to be examined over the next three months.

Mr Callaghan's report to the House of Commons on Monday suggests that he is much less convinced than some of his colleagues about the value of the proposals, though he said he was happy to examine schemes for "lessening the turbulence in the exchange markets".

There are understood to be three main approaches on which the Commission will be working. The first involves extending the EEC's exchange rate system beyond the existing joint float for "snake" to embrace the franc, the Dutch guilder, and the Italian lira.

These currencies would apparently be asked to remain within "target zones" linked to the joint float.

The second element is the transformation of the European unit of account into a "parallel" reserve currency for use in stabilisation operations between central banks.

A third element is reported to be the substantial boosting of the resources available to the European Monetary Cooperation Fund for short-term credit operations.

Warning on US tax cut plan

Washington, April 12—Mr Michael Blumenthal, Secretary of the Treasury, said today he did not favour reducing or delaying President Carter's tax cut proposals to hold down the budget deficit.

But he told a press conference that if Congress made any change in the President's plan, it would be to see the change budget or tax cut proposals, he came out with a smaller, rather than larger deficit.

Leading article, page 19

Mr Lever outlines post-Budget steps to make small firms 'a magnet for private investment'

By Brian Appleyard

Step 1: intended to make small businesses a "magnet for private investment", to follow up the £200m of tax concessions already granted, were outlined yesterday.

Mr Harold Lever, the Cabinet minister with special responsibility for small businesses, said the measures in the Budget had been just one step in a development policy.

"What we are doing will help create an atmosphere of confidence and, I believe, an increased enthusiasm for expansion and achievement in the small firms sector", he said.

Be outlined four possible areas in which the next moves could be made.

First, he said he wanted to draw the private investor into involvement with small firms. He argued that the present tax position tended to push savings into insurance companies and pension funds.

Second, he would like to enable the small businessman to compete for savings too. If he can get the risk capital, his loan requirements will be easier to solve. He must be encouraged to take on the additional risk and increase the firm's equity.

Third is loan guarantee facilities, a method which he admitted was not the most cost-effective form of aid but it had generated considerable interest.

Fourthly, he said big companies suffered from "a form of management elephantiasis". He pointed out that in Japan, Germany and the United States it was common for big groups to have off subsidiary activities to small firms as sub-contractors and suppliers.

He said this could simplify



Mr Lever: creating an atmosphere of confidence.

message would be passed down throughout their branch networks.

Although the banks and institutions had not neglected this field previously, Mr Lever questioned whether they had been sufficiently accessible and adventurous.

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He said this could simplify

workforce, and they had great potential for growth.

He said the Prime Minister had focused very heavily on this and he paid tribute to the flow of constructive suggestions which had come from the Liberals.

Mr Lever said the concessions would help non-quoted companies but this would remove any feeling that they were being pushed into the stock market.

Mr Lever also drew attention to specific Budget measures.

He said the relief allowed initial trading losses to be offset against the three previous years' income would be a major incentive for people leaving salaried jobs to start up on their own.

He pointed out that the new corporation tax limits would mean a company would have to be making £80,000 in profits before it moved on to the maximum rate and the new threshold for capital transfer tax would be of crucial importance to modest transfers.

Reduction of the VAT limit to £10,000 would also be combined with a major simplification of the VAT form, which would reduce by 50 per cent information required.

Mr Bob Green, the Parliamentary Under-Secretary for Industry who was with Mr Lever, said this simplification would be combined with a nationwide drive to find out what businessmen felt about form filling as well as the establishment of a new counselling service and the offer of new government grants of up to £5,000 to help groups of small firms with development

Move to defeat tax rise on tobacco

By Patricia Tisdall

Discussions on the implications of the supplementary tax on higher tax cigarettes were taking place within the tobacco trade yesterday.

After the debate of tobacco subsidies last year, the manufacturers are angry about what they regard as another instance of disruptive government interference.

Gallagher and Imperial Tobacco, the companies most affected, may not feel bound to pass on the full 7p surcharge.

If they spread the tax load across their full range of cigarettes they would, temporarily at least, defeat the Chancellor's objective of using the tax to discourage the smoking of high tar varieties.

The manufacturers regard the tax as breaking a three-year pact made with the Department of Health in March last year when they voluntarily undertook to eliminate higher tar cigarettes over the next two years.

Union representatives say the Government is giving in too readily to anti-smoking groups disregarding the effect on jobs.

The drop in cigarette sales during the past year; new machinery being brought in to cover the changeover to king size, and the failure of sub-

tutes has already caused some reductions in employment.

Imperial Tobacco, the industry's largest manufacturer, has been operating a programme of job reductions through early retirements and natural wastage for some time.

In the 12 months to last October the number of workers at its Wills and Player's factories dropped from 19,300 to 18,800. At John Player a working party has been set up with employees to discuss further rationalization.

The Nottingham branch of the Tobacco Workers Union, consisting mainly of John Player employees, said yesterday that it will be asking its national conference in Blackpool later this month to debate the "Government's continued attack on the tobacco industry". They want a meeting with the Government, management and other interested parties.

A series of discussions is due to take place shortly between the Tobacco Advisory Committee, the manufacturers' trade association and Customs and Excise about the mechanics of the new tax.

The industry wants its introduction to be put back at least until the beginning of next year to give them time to reduce tar levels.

The industry also wants the tax level at which the tax applies raised.

Credit card repayment terms lowered

By Ronald Pullen

Credit card companies moved promptly yesterday to cut their minimum repayment periods in line with the easing of restrictions announced by the Bank of England on Tuesday.

From today with Barclaycard and tomorrow with Access the minimum repayment will be 5 per cent of the outstanding balance or £5, whichever is the greater. Credit card holders will also be able to withdraw cash up to their credit limit instead of the current £30 ceiling.

Barclaycard stole a small march on its rival by announcing

that the new terms would be made retrospective to cardholders who had already received their bills while the Access terms will take effect from Friday.

This easing of the rules was welcomed by both credit card groups, since tighter repayment terms introduced in December, 1973 has seriously reduced usage of card facilities.

Barclaycard, for example, estimates that the average amount borrowed dropped from £100 to £70 and the average repayment period dropped from seven to around four months when tighter controls were introduced.

Clearing banks wait for interest rates to settle

Clearing banks continued to bide their time over base rates after the Chancellor's announcement of a one point rise to 7½ per cent in minimum lending rate in his Budget speech.

There was very little activity in the money markets yesterday

with rates indicating that the current MLR level would be maintained.

With some suggestions in the City that MLR will go higher, the banks are anxious not to move too quickly before they see the level at which interest rates settle.

Public borrowing estimate likely to be too low

Public borrowing in the last month of 1977 was £1,177.8 million, the Treasury's public borrowing estimate, announced in the Budget, are too low.

Whitehall forecasts £879 public sector equipment made as a few weeks ago, to have been about £1,100 million, or about £80 million less than those figures.

Scarcers expect that any turn out to be £1,000m to £1,100m, or about £80 million less than those figures.

These forecasts are from the Institute for Social Research, published forecast (the PSBR) and it is the Bank of England's estimates in the PSBR that a significant deficit than the £500m is likely in the PSBR is difficult to forecast well into the financial year.

Estimates made at this early stage have a huge margin of error. The Chancellor's remarks on this in his speech yesterday.

In the year just ended the official forecasts underestimates by nearly £4,000m, after allowing for the October Budget measures.

The problem for the Government is that the PSBR this year is at least as likely to overshoot as to undershoot, and probably more so. This would pose problems for monetary management, and put at risk the newly announced 12 per cent target for the rise in sterling M3 (the wide measure of money) in the year to next April.

Bad figures for the public sector deficit would have a damaging effect on confidence that would make it harder for the Government to sell gilts to cover its deficit. This confidence factor can be as important as the direct effect of the larger deficit in throwing money policy off target.

The March borrowing requirement for central government

brings the total CGBR (central government borrowing requirement) for the fiscal year just ended to £4,494m.

This is still well below the original expectations made in the spring of last year of a CGBR of £6,859m. It is consistent with the latest estimate for total public sector borrowing in 1977-78 of £5,700m.

There were two main reasons for the large increase in central government borrowing last month. First there was an across the board rise in spending by government departments, and a jump in their departmental balances—each which is drawn but not yet spent.

To some extent this may be an end-of-year phenomenon. There is often a sudden jump in the CGBR in March as spending departments rush to use up any of their budget which has not yet gone.

However, this could be a pointer to the way public borrowing will develop during 1978-79. One of the most important reasons for the undershoot in the PSBR last year was the

extraordinarily large underspending by government departments and local authorities. This may not continue.

The other main factor in the large CGBR last month was increased borrowing from the National Loans Fund, in particular by public corporations other than nationalized industries. These corporations borrowed £424m in the month, more than half of the total £819m which they borrowed during the whole year. New towns borrowed £124m in March alone.

The NEB also stepped up its borrowing to £274m, compared to £27m in the whole of 1977-78.

Most of the increase in March was a result of the money pumped into British Leyland.

There was also a sharp rise in interest payments on government debt in March. This helped to push expenditure on the Consolidated Fund to £4,943m. There was a net increase of £496m in the Consolidated Fund deficit to £1,862m in March.

£208m ECGD loan for Hongkong order

The largest loan ever guaranteed by the Export Credits Guarantees Department was signed in London yesterday. The £208m loan (nearly £200m) is to Kowloon Electricity Supply of Hongkong to help finance a contract awarded to GEC for the supply of a 700 megawatt power station and up to 300 megawatt of gas turbines.

The loan has been managed by J. Henry Schroder Wagg on behalf of a syndicate of 16 banks. It brings the total of ECGD-backed foreign currency loans to more than \$1,000m.

World energy agency meets

The International Energy Agency (IEA) yesterday opened a two-day board meeting in Tokyo to review conservation policies and development projects.

The IEA has promoted 30 projects to develop energy other than crude oil.

The markets moved

THE POUND			
15p to 144p	Nidgate Explorer	5p to 305p	Bank
4p to 121p	Sale Tilney	5p to 225p	Buys
3p to 108p	Shirley	4p to 67p	Sells
3p to 114p	Warren Plant	4p to 200p	
3p to 30p	Yorks & Lincs	3p to 32p	
10p to 750p	Movitec	1p to 14p	
10p to 635p	Oil Explorer	10p to 194p	
10p to 285p	Sula Viscom	4p to 54p	
3p to 214p	Stick Convey	10p to 218p	
8p to 26p	Taylor Widrow	11p to 347p	
12p to 285p	Thorn	10p to 342p	
10p to 343p	Tilbury Court	8p to 272p	
8p to 276p	Unilever	8p to 208p	
8p to 152p	Vesper	10p to 157p	

back. The pound lost \$0.50 an ounce to \$175.375.

SDR-S was 1.24176 while SDR-E was 0.65193.

Commodities: Reuters' index was at 1441.0 (previous 1442.5).

The gold rate index was 1441.0 (previous 1442.5).

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BY THE FINANCIAL EDITOR

Doubts in the gilt market

There were those within official circles who have preferred an even larger gilt market. They might well feel that the market responses to the Budget have been better than expected. True, Treasury Bill yields are comfortably within a range of 10 to 12 per cent, but there is a business and considerable uncertainty about whether the government had enough in its move to establish a firm for short-term rates. As always, is one of expectation. Some analysts are assuming a PSBR for 1978-79 is again going to be on the high side, this in itself a consolation if it is also that the Chancellor is going to have a potential undershoot by way of some tax cuts in mid-summer. In the view of the situation, the 1978-79 remains a worry and the rig of the government's fiscal and financial management is questionable. The authorities will presumably hold the possibility of any fall in interest rates in the background given the unpredictable developments in the foreign market. As equities go, yesterday's shake-up was largely a reaction to the overnight rise on Tuesday. But some voices about ICI's first-quarter earnings are nothing to cheer.

More

did not do as well as expected. The second half of last year, largely continuing problems in its South business. So for the full year profit of £13m compares with £19m in 1976. The egg Glyndwr was good at year, but the only justification for an increase in the dividend had been that it should come good this year.

of the sheet steel distribution will eliminate losses of £1.2m, while increases in the copper tube business and gas appliances, which after losses of £500,000, kept moving ahead in home markets.

frica, though, is a different problem. Interest profits there collapsed to £851,000 with losses occurring in the last two months and continuing. Trying to buy itself out by taking United States General Electric's business in return for 23 per cent of the shares would reduce Glyndwr's stake in South Africa from more than 10 per cent.

Remains confident that it can the present crop of difficulties which is implicit in the dividend which produces a yield of 11.1 per cent at 112p. But without that increase the shares would have been under yesterday and, indeed, in the market may wonder whether the attractions are sufficient to

international
Australian
rhage
Australia's future continues to be an answer to the disaster that has befallen its Australian subsidiary; the £3.1m loss last year more than the £3.1m profit in Britain for the year profits down from £12m.

up is again crossing its fingers surgery at PC has at last done. Yet even after shedding two labour force in the past couple of months further production streamlining for this year are insufficient to make the year unless there is a further cut in the Australian subsidiary's sales. And there is

still a question about whether the small Australian market could not be better served by exports from the United Kingdom or one of its Far Eastern associates. Potential profits from the rest of the group of perhaps £5m still look academic until Australia is finally sorted out and with the final dividend passed the only support for the shares at 41p, down 4p yesterday, is a net asset value of 130p.

Babcock & Wilcox Special factors

Babcock & Wilcox's 1977 results are bedevilled by special factors but the underlying trend looks stronger than expected. Published profits are up from £29.7m to £32.3m but ironing out redundancy payments and write-backs, profits on the sale of Herbert Morris shares and changes in year end, the improvement changes into a 10 per cent decline.

That is not the end of the matter as some £6m of losses at the Harstock home improvement business and at the Dumbarton tubing company are non-recurring. On top of that the decline of the pound against the



Mr. John King, chairman of Babcock & Wilcox.

dollar chopped £3.5m from ACCO's contribution, which, even so, was much better than many had hoped for.

Delays over the forming of the National Boiler Company with Northern Engineering interests, however, have in turn delayed the ordering of Drax, and there is potentially some months of slack working ahead, which Babcock taking an expected 76 per cent of the new group, will take the brunt of.

But the balance sheet has improved considerably helped by progress payments but also from close control of working capital. Since the 150 per cent increase in dividend was given Treasury approval last September, the shares have declined 20 per cent to 114p against a fall in the market of 14 per cent, a sharp decline even for an engineering group so the yield of 7 per cent should afford some protection.

Philips

A technological strategy

Philips Lamp faces a strategic problem; it admits that it will be "tough" to improve substantially on 1977 in the current year; it also admits that 1977 did not meet expectations. Major technological innovation is needed to meet the competition effectively, but if sales continue to expand at the present sluggish rate, Philips could find that in about five years it is operating at well below maximum output.

Philips is pinning its hopes on the related strategies of technological development, especially microprocessors, in both product quality and manufacturing techniques and much greater investment in the United States. Research and development emphasis is moving away from Holland to the United States, so much so that in the past the company has considered moving its domicile as well, and that question is likely to be posed again.

In any event, the workforce will be run down, although the recent Saudi Arabian contract has stayed off difficult employment and investment decisions in Holland for a few years. But such contracts are necessarily rare, and if Philips continues to suffer from poor world trade, it may have to resort to more decisive action to prevent the steady erosion of profit margins.

Economic notebook

Intermittent sun, with clouds developing

Although it was "sunshine" Budget that Mr. Healey produced on Tuesday, the clouds of gloom about the world's economy kept brooding through. The minor stimulus to Britain's level output was described by the Chancellor in one of his rare (and potentially revealing) deviations from his written text as a "first" British contribution to a common effort to sort out the world's problems.

The Chancellor and the Prime Minister have been travelling the world in recent weeks with a clear message. At its simplest they are offering the Americans the hope that the United Kingdom can work out a joint programme for the European Community to expand their economies if the Americans will stabilize the dollar.

The Europeans are being offered the hope of all sorts of imaginative action by the Americans to fund their deficit, such as long-term loans or gold sales, as long as something is done about European growth. The summit meeting in Bonn which is meant to bring both sides of this package together will, of course, be a success. Summits always are, except in terms of practical results.

After the Bonn meeting there is a strong possibility of another British mini-Budget cutting taxes based on the improved world outlook. I would not be surprised to see another £1,000m of tax cuts inserted into the Finance Bill before it finally comes into force.

The balance of payments constraint is clearly the one which has weighed most heavily on the Chancellor in constructing his measures, and that owes much to the slow growth of total world trade which in turn is a reflection of slow world growth of output. If the government were to agree on a package of measures which raised total growth, then under the Chancellor's arithmetic there would indeed be room for him to take further action.

Britain alone had to be cautious, will go the argument: Britain acting in concert with everybody else can start making real progress towards reducing unemployment.

The drawback to this view of things is that the truth about what is happening to the world economy in the second half of this year is likely to be the exact opposite. The European countries have not only adopted a growth target which is low as to mean that they can do nothing to help the United States and the dollar in the coming months—they are not even trying to meet that target.

Before the Copenhagen summit the hope was that there might be growth of 4 per cent in the year to July, 1979. That would imply steady action by all governments to get their economies moving, because, with every month that passes during the year without fast growth, the greater the growth has to be later in the year to catch up.

If there is only 1 per cent growth in the half year to the end of 1978, for example, then for there to be 4 per cent in the 12 months as a whole it is necessary to have about 3 per cent growth in the first half of 1979, or growth at an annual rate of about 7 per cent.

In fact, growth in the Community during this year as a whole is expected to be only 2.8 per cent. The OECD in its latest forecast for Europe predicted that expansion would be slightly slower in the second half of this year than in the first half, so growth of fractionally over 1 per cent in the second half of the year seems likely if present policies are pursued.

Even if it were possible to have 1 per cent growth, that would still mean that to reach the 4 per cent target for the year to July, 1979, would require a doubling in the pace of expansion.

The choice of the July to July period is, of course, a highly artificial one. It seems to come from the fact that 41 per cent growth is needed by the EEC to start bringing unemployment down and it had become clear by the early part of this year that such a growth rate could not be achieved for 1978. Officials in the Commission thus chose the first plausible sounding period during which it might be achieved.

If there had been real political will to act and if the Keynesians are right about the ability of governments to generate growth by cutting taxes and if since ministers had drawn up a detailed plan in time for last weekend's summit meeting in Copenhagen, then it might just have been possible to achieve growth somewhere in the order of 4 per cent during the July to July period.

In fact, none of the events on which that depends actually happened, so the decision was made to switch to the easier target of having growth running at an annual rate of 4 per cent by July, 1979. In the old days governments used to look at a time period such as the year ending March 31, and target which they felt they could and should meet. Now they choose a target which sounds nice and start looking for a time distant enough away for them to say that they can achieve it.

The July, 1979, target is most unlikely to be met either. One reason could lie in the United States, which for the past three years has been alone in consistently expanding its economy at a rate faster than its historic trend.

The signs which are beginning to emerge from Washington are that the US is no longer so much. By the second half of 1978 American growth will be dropping back to a much lower level, possibly even to the levels of a "growth recession" by early 1979.

Whereas American growth provided a continually expanding market for goods from the rest of the world during 1977, at a cost to its balance of payments which has been clear for a while, it will provide a much harder market next year.

The problems of the past few years have owed much to the fact that growth rates have not been synchronized, with slow growth in Japan and Europe clashing with fast growth in the United States. That synchronization is coming, but in a way which may cause more harm than good. The American growth rate is being dragged down to the European level, instead of the Europeans being dragged up by the Americans.

Nothing can really stop this now, which is an important reason why the American Government must move a month or two ago seriously hoped to call off the whole idea of an economic summit in Bonn. Their fear was that it would degenerate into a shouting match.

That is not going to be allowed to happen. Instead, there is an agreement to disagree between the Americans who feel that they still cannot, and should not, take really strong measures to stabilize the dollar, and the Germans, who feel that they cannot hope to achieve the sort of growth which some of their partners want of them.

The tone of the meeting will be friendly and from it the Prime Minister will no doubt assure us that the decisions taken and up to much more together than their component parts would mean separately. Governments (like Britain's?) which want to expand will try to do so; those who do not will not. We have a long way to go before concerted action becomes a reality.

David Blake

Fair trading: is there anything we can import from Sweden?

In the offices of Sweden's Anti-Trust Ombudsman, tucked away in Stockholm's old city area, the milk is about to be the line. Parliament gave the court power to make orders, backed by penalties.

It is now proposed, in a review of competition policy, that the court drops its negotiating role, the whole of which would devolve on the ombudsman.

The idea is not to diminish the role of negotiation but to speed up the legal procedures, since negotiation at market court level has in the past inevitably led to additional

delays. It is nevertheless hard to escape the conclusion that the Swedes are being caught in the dilemma of choosing between two essentially different approaches.

One way is to try to produce fair and feasible laws covering as many eventualities as can be foreseen, an approach which has been especially developed in the United States.

The problem with that is that the system is constantly trying to keep up with the growing complexities of industrial and commercial practice. Obfuscation and distortion inevitably creep in. That happened in this country in the last years of the old Price Commission regulations.

The other approach is what might be described as an economic one, where intervention is made only to ensure that enterprises operate in the most efficient manner from the point of view of the public interest. That does not preclude laws against obviously undesirable practices, such as price-fixing.

Success in this second style of approach depends on the expertise of those acting as the efficiency watchdog, a strength in the Swedish system because of the wealth of experience not only in the office of NO but also in the national Price and Cartel Office.

This office, known as SPK,

carries out investigations for NO rather than the Price Commission and Monopolies and Mergers Commission do in Britain.

The direct policing role in prices played at the moment by the Price Commission is less reflected in Swedish practice. NO, either on the basis of its own investigations or as a result of SPK's studies, usually persuades a company to raise the line, a recent example being in hygiene products where a big manufacturer reduced prices by 10 per cent within a year at a time when inflation was pushing up its costs.

If a pricing case goes to the market court it can recommend the government to decrease a maximum price for a commodity.

A monthly magazine not only reviews investigations of the previous four weeks but lists and explains changes in prices. In Britain Mr Hattersley has already shown a disposition to encourage the publication of price lists locally.

The interesting question is whether some features of the Swedish system might fit into a more rationalized structure in Britain.

One scenario could be for the Monopolies and Price Commission to be merged, operating like the SPK and with an emphasis on speed such as practised by the Price Commission. But the time a Monopolies report is finally compiled the situation it is supposed to deal with can have changed radically.

The Director of Fair Trading might not only do the consumer work of a KO, as Mr Gordon Borrie already does, but, arguably take on the role of a NO. But it is the Price Commission which is at present, it is to be hoped, building up the expertise to carry out its effective efficiency audits of companies, able to pounce where intervention on prices or practices is necessary in the public interest—even if, as is likely, its strictly anti-inflationary role in monitoring prices gradually atrophies.

However competition policy in Britain develops—a matter, anyway for the next government—there is one aspect of Swedish practice that will bear looking at hard. This is their Information Act, which makes the job of its competition bodies in getting all the relevant information much easier than in this country. SPK, for instance, has access to most information from other government departments.

This office, known as SPK,

Among the points made by the Chairman, The Rt. Hon. The Lord Hill of Luton, at the Society's Annual General Meeting were:

There are a number of criteria by which the success of a building society can be measured.

One can judge it by the number of families becoming home-owners or acquiring fresh homes. In the case of Abbey National the figure in 1977 was 113,158.

Or by the size of its Total Assets, which in our case stood, at the end of last year, at no less than £5,413 million, an increase of £1,067 million or 24.5%.

Then again, one can measure it by its net receipts from Shareholders and Depositors, which in 1977, including interest credited to accounts, were £999 million, an increase of £416 million or 71%.

To soften the effect of falling interest rates for our investing Members and Depositors we have twice in the last six months held the rate on existing balances above that applying to new money.

So one could go on. For example, 850,000 new investment accounts were opened during the year, representing nearly 3,000 every working day... By all these tests, as by others,

Abbey National has had a most successful year.

Total advances £1,104 million, an increase of £292 million over 1976. Average advance was £9,467 (£9,039 in 1976).

£227 million was lent on new houses. The amount lent on houses built before 1919 went up to £255 million.

A quarter of new advances was made to people earning less than £80 a week. Nearly 54% of all new advances went to first-time purchasers.

At year end Liquid Assets were £1,126 million. Reserves £200 million. Total number of Branches was 467.

Abbey National Building Society, Abbey House, Baker Street, London NW1 6XL.



Business Diary: Senior wranglers • Beer and scuffles

of the Chemical to have a ringside unusual event—a fight between an eagle and a top civil servant. A key feature of policy.

being staged by London they are Glas Bell, chairman of group, propose the at this House be there is no effective encouragement of

opposed by none John Lippitt, the story at the Department in charge of industrial planning Lippitt is therefore the man at the Eric Varley, the secretary.

placed to argue Son. His company at 4,000 people here making titanium paint and paper. It faces severe because of a world production capacity

is not to be held but some idea of it may emerge in the group's accounts, due out soon.

campaign for Real at which yesterday fifth annual Good is, evidently from its original promoting cash-as-opposed to leg, into the realms of economics.

the editor of the yesterday for the Big Six courage, Watney,

Bass Charrington, Allied, Whitebread and Scottish and Newcastle—into their original regional constituents.

The big breweries were less efficient, less profitable and charged more than regional and local independent companies, he asserted.

From a former editor of the *Trotskyist* newspaper, *Socialist Worker* was, however, doing no more than echoing CAMRA policy as framed in a motion calling for regionalization which was passed by a large majority at the campaign's annual general meeting in Cardiff last weekend.

In July last year the Price Commission questioned whether expansion plans by the big brewers should be financed by charging the consumer higher prices and whether the high concentration of beer sales in a few hands was in the public interest.

At that time brewers were putting up prices every three months. Roy Hattersley, the Secretary of State for Prices and Consumer Protection, has

since grumbled about the need for more competition but has none the less let through further price increases for Big Six brewers.

* CAMRA Good Beer Guide 1978, Arrow Books, £1.95.

■ Dennis Pearl has finally staged the dash for cash that he has been promising since 1973 when he took over as managing director of Commonwealth Development Finance Company Limited.

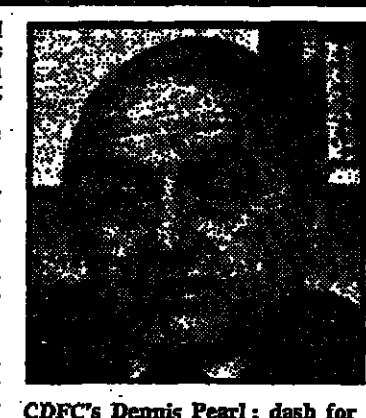
In a deal foreshadowed in *Business Diary* before Christmas he has pushed through the buying of two Australian companies, the first substantial acquisition by the United Kingdom-based investment house in its 25 years' life.

CDFC, which is owned by a consortium of 160 British banks and institutions, has paid about £2m for Electrical Investments and Godfrey's Pty. The idea is to attract Australian equity into CDFC by presenting a more even earnings record than a develop-

ment finance company usually offers.

CDFC lost £363,000 in the year to March 31, 1977, with larger losses in the previous two years.

Pearl, a former colonial civil servant, has now broken with CDFC's tradition of making minority investments only. If the two Australian investments pan out, he will be on the lookout for more of the same.



CDFC's Dennis Pearl: dash for cash.

The sudden gush of oil money into the hands of the rulers of the Arab states over the past two decades has brought with it the means for them to preserve their heritage.

Being mostly a nomadic peoples, that heritage could have little material form beyond one luxurious item—carpets. Even the carpets made in the workshops of the cities are more opulent than the ones made by the tribes.

First past the post, as far as we were concerned, in the race by brokers to get out Budget comments were Montagu Loeb Stanley whose *Carpet* assessment was on a desk in *Business News* within two hours of the Chancellor sitting down.

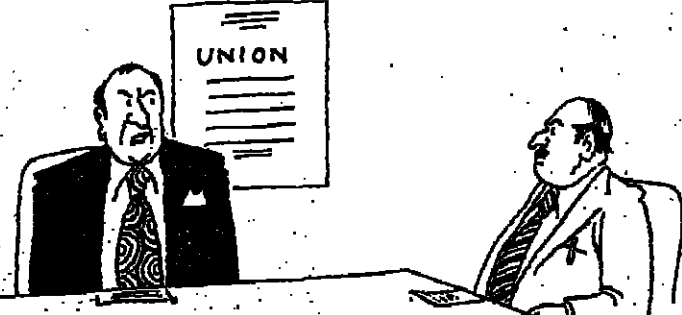
being able to be easily rolled up and carried away.

And this is what happened to many of these great works of art during the past two centuries. Rich carpets from Persia and Turkistan made their way to the drawing rooms of Europe and the salons of America. Now that Middle East oil has upset the economic balance, however, the Arabs are in a position to buy back the treasures of their ancestors.

Up until now the monopoly of these sales has been held by New York and London and they are very lucrative. At Park Berner's last July, for example, a 9ft by 12ft Persian carpet sold for \$200,000 (£107,000).

It was inevitable that the Swedes and the French would decide that it was time they had a share of such a profitable market and on April 29 the Arab carpet collectors—and anyone else who thinks they can match their bids—will be making their way to the International Hotel in Geneva for a sale that would be a credit to the best that New York and London could provide.

There are Chivans and Boukharas and Kazaks, for the most part from the last century, besides silk rugs and prayer rugs and a few French and Belgian tapestries for good measure.



"They offered as the tax... 10 per cent and said that small is beautiful."

Boost for output of grinding machines

By Clifford Webb

A Birmingham University research team yesterday claimed it had solved one of industry's biggest production problems, the low output of grinding machines.

The team, led by Dr S. Kumar Bhattacharyya, of the Department of Engineering Production, demonstrated a modified standard grinding machine which is said to increase output "at least 10 times".

Tube Investments is in an ideal position to cash in on the "breakthrough". The Birmingham team has introduced computer control to a much-modified version of T's Matrix grinder, and the modifications were carried out jointly in such a way that they can be incorporated in T's product range.

The cost of the three-year research programme has been met by the Science Research Council, which provided £68,000, within a total grinding research budget for this university of about £400,000.

Grinding has been a major problem area throughout international industry. The constant removal of the workpiece for checking, positioning, dressing and setting has meant that actual cutting time could be as low as 2.5 per cent of shift hours.

In addition, since grinding is often the final stage in the production of expensive components, skilled operators traditionally adopt a cautious approach to avoid costly mistakes. In areas where skilled men are not available, semi-automatic grinders have been introduced but their lack of flexibility is a considerable drawback.

NHS mounts computer staff recruiting drive

By Kenneth Owen

Technology Correspondent

The National Health Service is seriously short of professional computing staff, regional health authority officers said at a London press conference yesterday.

At present the 14 regional health authorities employ a total of about 1,500 computer staff at their regional computer centres. At the end of February there were about 170 vacancies, of which 70 were for higher-grade development staff (systems analysts and programmers) and the remainder for operations staff.

In an attempt to overcome this shortage, and the recently high rate of staff turnover, the 14 regional authorities have taken the unprecedented step of combining to mount a joint recruiting campaign. This will stress the general benefits of a career in health service computing as well as indicating local vacancies.

NCB to spend £80m on removing shaft bottlenecks at 17 pits

By Ronald Kershaw

An ambitious project involving underground links at 17 Barnsley, South Yorkshire, area collieries and concentrating coal handling and treatment at three key surface centres, is planned by the National Coal Board.

Investment of at least £80m is expected in addition to several millions already committed. The plan involves driving new drifts from the surface to underground workings.

A Coal Board spokesman said last night "Conventional pit shafts are a limiting factor when it comes to bringing coal to the surface. If we are going to work to capacity, and centralise in this way, we must get rid of the shaft bottlenecks".

The move is undoubtedly planned to clear the decks for improved output performances

resulting from the incentive bonus scheme. Already the Barnsley area production results are showing an impressive upturn since the scheme was introduced.

Last week, the area produced 180,000 tons of coal, the highest weekly output for 12 months. Three pits, Grimethorpe, Royston Drift, and Desford Valley set all-time output records.

The three key surface centres will be at Woolley, South Kirkby and Grimethorpe. The Woolley £40m plan will be submitted to the Coal Board in London next month, and the Grimethorpe scheme, also £40m will be presented in August.

At Woolley, a big new coal preparation plant will be built, along with a new surface drift to take coal from the linked collieries of Woolley, Denby

Grange, Capthorne, Bulcliffe Wood, Dodworth, North Gower, Parkmill, and a new drift mine, the Calder Drift. Grimethorpe Colliery will take coal from Grimethorpe, Houghton Main, Barrow, Dearfield Main and Desford Valley collieries. South Kirkby, where a new £18m coal preparation plant is under construction, will take output from South Kirkby, Ferry Moor-Riddings, a new drift mine at Kinsley and, in the long term, Royston Drift.

The Coal Board said there were no plans for Emley Moor or New Millersham collieries at present. Figures released by the NCB in the North-east, yesterday showed that the 35,000 Northumberland and Durham miners produced 313,341 tons last week, the best weekly figure for more than two years.

Brussels optimistic on trade talks outcome

From Michael Horusby

Brussels, April 12

After high-level meetings earlier this week in Geneva with their American and Japanese counterparts, European Economic Community negotiators are reasonably satisfied that overall agreement on the main points of the issue in the multilateral trade negotiations is possible by mid-July.

This deadline is now regarded as crucial because of the world economic summit to be held in Bonn on July 16 and 17. The success of the summit, and hence hopes for world economic recovery, is felt to depend in part on broad agreement at Geneva.

Describing his talks with senior Japanese and American officials as "encouraging", Sir Roy Denman, the European Commission's Director-General for External Affairs, said that some narrowing of differences had occurred and that possible solutions had been outlined. Technical discussion would have to be intensified in the coming weeks.

Sir Roy had talks in Geneva at the beginning of the week with Mr Robert Strauss, the United States Special Trade Representative, and Mr Nobuhiko Ushiba, Japan's Minister for External Economic Affairs.

Despite Sir Roy's sanguine assessment, the EEC is still awaiting a response to its request to the Americans and the Japanese that they should improve significantly their tariff reduction offers. Unless such a response is forthcoming, the Community will scale down its own offer.

Both Japan and America have made nominal offers of an average 40 per cent reduction. But the real level of the Japanese reduction is no more than 18 per cent, the EEC estimates, while the American is put no higher than 30 per cent. As it stands the EEC offer is put at about 35 per cent.

In addition, the EEC objects



Sir Roy Denman: narrowing of differences.

that the American offer is too "linear"—that is, it does not reduce sufficiently the very high tariff "peaks" on certain imports into the United States, such as textiles.

The main improvements sought from the Americans include bigger tariff reductions on the following items, some of which are not included in the American offer at all: textiles and synthetic fibres, glass, ceramics, chemicals, petroleum products, special steels, metal alloys and shoes.

In the case of the Japanese, EEC attention is directed most at items excluded from tariff reduction for reasons of alleged national security—firearms, atomic power station equipment, heavy aircraft, crude petroleum and vaccines. Shoe tariffs are also a cause of complaint.

The EEC attaches as much, if not more, importance to progress in non-tariff areas. One of the Community's main objectives is to get agreement on the selective use of the safeguard provisions of Article 19 of the General Agreement on Tariffs and Trade (GATT), which permits the temporary imposition of import controls.

Business appointments Changes at Hawker Siddeley

The following changes have been announced in Hawker Siddeley companies: Mr J. Birch, director, Crompton Parkinson; Mr G. Auton, director, Hawker Siddeley Switchgear; Mr S. M. Govek, technical director, Brush Switchgear; Mr C. F. Stegeman, sales director, Brush Fusegear; Mr R. H. Clarke, director, Crompton Electricals; Mr J. M. Durbin, Hawker Siddeley group representative on the board of Aluminium Wire and Cable; Mr J. C. Verity, production director, Fetter Power Generation; Mr M. Parkinson, production director, Peter Refrigeration. The board of William Allenhead has been reconstituted with Mr M. R. Watkinson as chairman.

Mr R. A. Williamson has been appointed financial director (and joint chief executive) of Peacock Air Transport.

Mr A. Chambers and Mr T. C. G. Thomas have been made non-executive directors of Hoverspeed Group.

Mr John Heworth, chairman of Gordon and Gotch (A/asia), has joined the board of Gordon & Gotch Holdings.

Mr Robert Savage has been elected executive vice-president and Mr C. C. Chin senior vice-president of American Express International Banking Corporation.

Mr Desmond Reid becomes deputy chairman of Moorgate Investment.

Mr A. K. L. Stephenson has resigned from and Mr A. S. Wheatle has joined the boards of Mears Bros Holdings.

Mr Reg Oliver, chairman and managing director of John Hadfield, is to become independent chairman of the joint industry Committee for Television Advertising Research, in succession to Mr Peter Scruton, managing director of Glaxo Laboratories.

Mr G. W. Jaudrell becomes a director of the Lillistall Company.

Mr John Pugh, Mr Jeremy Marriage, Mr J. W. Cunn and Mr Richard Bailey will become partners in Linklaters and Paines on May 1.

Mr D. S. Fraser is to join the board of United Scientific Holdings. Dr D. M. Cowan and Mr S. P. Cowan have retired.

Mr J. Beck, managing director of Kelvin Construction, has been appointed deputy chairman.

FINANCIAL NEWS

Eagle Star tops hopes but UK underwriting jolts GRE

By Richard Allen

Insurance Correspondent

After the huge profit increases reported by other British composites recently, results from Guardian Royal Exchange and Eagle Star, both of which have minimal exposure to the recovering United States market, almost guaranteed to disappoint.

In the event Eagle Star's 32 per cent profits leap achieved partly on the back of overseas underwriting improvements, was well up to stock market hopes, but GRE, with profits shading down from £61.1m to £58.8m, fell short of expectations.

For GRE, the main factor was a crushing £11m swing from profit to loss in United Kingdom underwriting results which left a £6.6m short-term underwriting loss overall compared

with the previous year's £3.8m

surplus in the United Kingdom where the underwriting loss was also £6.6m compared with a previous profit of £4.4m. GRE was hit by a higher incidence of claims in its important motor account, and poor trading in the accident account. Meanwhile the group blames the firemen's strike last year for a sharp reduction in its fire profits.

In overseas business poor performance in Germany and Holland offset improvements elsewhere, but the rise in the value of sterling reduced premium income some £30m and cut investment income by an estimated £3.9m.

Even so the group's investment income increased from £51.8m to £58.9m and premiums grew from £561m to £592m.

Over at Eagle Star, which is the most UK-orientated of the big composites, investment income increased 18 per cent to £58.5m, while profits from Grovewood Securities climbed from £5.6m to £7.2m.

The overall underwriting loss was reduced from £7.2m to £4.3m due mainly to a substantial overall improvement in overseas business. However the group has taken £2.5m out of inner reserves to provide for further losses on the run-off of a pre-1968 foreign risks account written in London.

In the United Kingdom underwriting losses rose from the previous year's £2.3m to £3.6m after provisions for unexpired risks.

Both groups pay the maximum dividend increase: 15.4p gross in the case of GRE and 9.3p gross from Eagle Star.

Racal offshoot wins \$3m award in US court

The United States District Court of Kansas has awarded Racal-Milgo Inc of Miami \$3m (about £1.6m) in an action against United Business Communications of Kansas City. Racal-Milgo is a subsidiary of Racal Electronics of the United Kingdom.

In a decision filed on April 7, the court awarded about \$3m in a patent infringement action against United Business, which is an offshoot of United Telecommunications. The award included interest at 7 1/2 per cent from 1972, as well as attorney's fees, with costs being trebled. A suit was initiated in 1971 for infringement of three data communications patents.

Oil Exploration edges forward to peak £1.42m

By Victor Felstead

Boosted by the takeover of Bases Oil of the United States, Edinburgh-based Oil Exploration (Holdings) managed to double its turnover last year, but only achieved a marginal rise in profits.

Turnover jumped from £2.7m to £5.0m. But operating profit was only 14.7 per cent up at £1.7m. After more than doubled exploration expenditure written off at £294,000, against £124,000, pre-tax profits edged forward by just 3.6 per cent to a record £1.42m.

However, the year's tax charge is down from £702,000 to £499,000, having been reduced by the release of

deferred tax in relation to Bases Oil.

With an exchange loss of £124,000 to be deducted, compared with £11,000 in 1976, plus a big fall in extraordinary debits, profit attributable to members jumps by 50 per cent to £798,000.

Earnings per share are up from 6.83p to 7.11p, being based on 13 million ordinary shares, against 10.5 million in 1976. The dividend, gross, rises from 2.85p to 3.19p.

In the first half of 1977, sales more than doubled from £1.3m to £2.84m, with Bases contributing £1.33m to 1977 figure. Pre-tax profits were up from £682,000 to £1,011m.



SUMMARY OF GROUP RESULTS FOR 1977

Investment income in the shareholders' fund increased by 18% to £38.5m. Without the effects of exchange movements the increase would have been 20%. Pre-tax profits of Grovewood Securities were £7.2m and with the share of associated companies' profits brought the total income from investments to £46.7m an increase of 20%. The shareholders' life profits were £8.0m after grossing for corporation tax and franked investment income. There was a transfer to the fire, accident and motor account of £4.3m. (1976: loss £7.2m).

Premium income increased by 32%. Overall pre-tax profits increased by 32% to £43.5m.

	1977	1976
PREMIUM INCOME	£m	£m
Fire, accident and motor	289.8	236.8
Marine, aviation and transport	21.2	21.4
Life—annual premiums	77.6	70.0
—single premiums	89.3	35.3
	487.9	363.5
PROFIT AND LOSS ACCOUNT		
Investment income	38.5	32.7
Profits of Grovewood Securities	7.2	5.6
Share of associated companies' profits	1.0	—
Shareholders' long term profits	8.0	7.0
Underwriting loss	(4.3)	(7.2)
	50.4	38.6
Expenses not charged to other accounts	6.9	5.7
Surplus before taxation	43.5	32.9
Taxation	15.7	14.3
Minority interests	1.3	1.2
Net surplus for year available for appropriation (A transfer has been made from inner reserves).	26.5	17.4



The following are extracts from the Statement by the Chairman, Sir Denis Mountain, Bt.

INVESTMENTS. United Kingdom cash flow showed a further large increase, particularly in the life fund. In the investment of this new money somewhat greater emphasis was placed on the purchase of British Government securities and we have added selectively to our equity portfolio.

Our solvency margin, that is the ratio of shareholders' capital and free reserves, including the gross appreciation in investments to our general premium income, was 65%.

FIRE AND GENERAL. The following table includes an estimate of the apportionment of investment income between insurance and shareholders funds:

	Premium income £m	Underwriting result £m	Pension fund contributions £m	Investment income £m	1977 Total £m	1976 Total £m
United Kingdom, marine and reinsurance	230.3	(3.6)	(5.4)	24.5	15.8	10.3
Australia	14.6	(2.0)	(—)	1.1	(1.4)	—
Belgium	27.1	(—)	(—)	2.6	1.2	(1.3)
South Africa	32.9	1.8	(—)	1.3	2.6	1.4
U.S.A.	4.3	—	(—)	—	—	(—)
Other territories	5.8	—	(—)	1.0	1.0	1.7
	315.0	(4.3)	(6.9)	31.1	19.9	11.5
Investment Income attributable to shareholders' funds				15.6	15.6	14.4
				46.7	35.5	25.9

UNITED KINGDOM. Premium income increased by 27% to £178m. Overall there was an underwriting loss of £3.6m (1976: loss £2.3m) after additional provisions for unexpired risks in motor and all-in departments. Fire business was again profitable. There was a loss of £4.5m (1976: loss £5.8m) on the "all-in" account which continues to give cause for concern. In January 1977 there was a major storm which is expected to cost us approximately £1m and, in accordance with our normal practice, we have provided for this in these accounts. The planned expansion of the motor account was achieved. Although a deteriorating claim frequency was anticipated it was worse than forecast, and there was an underwriting loss of £2.7m (1976: loss £0.2m) on the account. In the liability account premium income increased to a satisfactory level as a result of both higher rates, particularly of products liability business, and record levels of new business. The cost of clear personal injury continues to rise.

Our above average involvement in the U.K. in those classes of business most susceptible to the effects of high rates of inflation has made it necessary for us consistently to make conservative assumptions as to future inflation rates. Whilst the reduction in the rate of increase in the retail price index to single figures is welcomed we must see this translated into a similar rate of inflation of wages costs before we can contemplate making a reduction in the rates of future inflation we incorporate in our large liability provisions.

OVERSEAS. There has been a substantial improvement in our underwriting results overall. In Australia the overall underwriting result still leaves room for improvement. In Belgium claims ratios have now been brought more under control. In the United States our underwriting performance has improved considerably. An excellent result has again been recorded. In South Africa. Our subsidiaries in Jamaica and Barbados continue to trade profitably. Elsewhere overseas an overall profit was earned in spite of unsatisfactory trends in Holland and France.

We have strengthened the provisions for the run-off of a pre-1968 account covering foreign risks written in London by £2.5m (after related tax relief) from inner reserves as we consider it inappropriate to charge this to current trading in view of the length of time since this account was underwritten.

LIFE. World-wide new business produced sums assured amounting to £1,599m (1976: £1,319m) and annual premiums of £19.0m (1976: £18.0m). Single premiums and considerations for annuities amounted to £89.3m (1976: £36.3m). In spite of the fall in interest rates during 1977 we have been able to maintain the rates of bonuses to policyholders after the annual valuation of the life funds. Profits transferred to the shareholders' account were £4.5m (1976: £4.0m) net of tax with a grossed up value of £8.0m (1976: £7.0m).

GROVWOOD SECURITIES LIMITED. Grovewood Securities maintained its record of increased profits each year since 1965 with an overall pre-tax profit in 1977 of £7.2m (1976: £5.6m). Turnover was £84.2m (1976: £73.0m) including the share arising from associated companies. Exports amounted to £11.0m (1976: £6.8m).

FUTURE OUTLOOK. The company is in a strong financial position and we believe we can look forward to further profitable expansion. Our insurance business is expanding satisfactorily particularly in the United Kingdom and from this we derive a strong cash flow which should result in further increases in investment income although this will, of course, be affected by the general level of interest rates.

DIVIDEND. The directors are recommending to shareholders at the Annual General Meeting to be held on 26th May 1978: final dividend having a gross equivalent of 4.737p per share. With the interim dividend paid on 13th January 1978 the maximum allowable dividend will have been paid having a gross equivalent of 9.282p per share (1976: 6.438p). The dividend will be paid on 14th July 1978.

The Annual Report and full Chairman's Statement will be sent to Shareholders on 2nd May 1978.

Eagle Star Insurance Company Limited

1, Threadneedle Street, London EC2R 8BE

AND PROPERTY FUNDS

John Smith

MARKET REPORTS

Stock markets

Budget euphoria proves to be short-lived

Budget euphoria with its short-lived gains, proved to be short-lived. The FT Index closed 10.2 down to 460.2, its worst day since the start of last month and more than wiping out the gains of the previous day. Most of the action of the day centred on gilts where some heavy selling saw losses of up to £2 at the longer end. Fears that interest rates will have to go still higher to allow

the Government to fund the new Public Sector Borrowing Requirement of £8.5bn brought out the sellers, but some dealers feel that the trend could be reversed by a good set of trade figures tomorrow. After opening firmer and showing gains of around a quarter in the first 20 minutes of trading, longs collapsed

to 278p. British Home Stores drifted 3p to 182p and Marks & Spencer at 147p and Woolworth at 67p held steady on the day. Final results from Empire Stores (Bradford), much in line with expectations, left the shares 2p weaker at 158p while Cresta lost 4p to 116p and Freemans closed unchanged at 300p.

Industry talk that the higher tax on high-pur cigarettes could mean higher prices throughout the range, lost 5p to 300p. Takeover and speculative stocks had United Scientific losing 6p to 290p after news that Atlantic Assets had acquired a 9 per cent stake from loan stock conversion. Letraset reacted 2p to 157p, but ML Holdings continued to go ahead, rising 9p to 114p and making a gain of 18p over the week.

FOGARTY & CO. LTD.

Manufacturers of continental quilts, pillows, bath and scatter rugs, soft furnishings, processors of feather, down and man made fibre fillings.

	1977	1976
U.K.	14,733	13,776
Export	2,718	1,253
	17,451	15,029
pre tax	1,840	1,252
tax	710	580
	1,130	672
dividend per share	3.4028p	3.0465p
per share	38.8p	21.8p
per share	178	148p

1 for May 1977 Scrip Issue.

General Meeting will be held at the Registered 2.15 p.m. on 25th May 1978.

dividend of 1.1308p was paid on 8th November 1977. Shareholders are now recommending the payment of the permissible final dividend of 2.2718p per share.

Scrip issue of one ordinary share for every three held recommended.

Liabilities have been recalculated in accordance with Draft 19 and as a result of this change in policy being that part of the deferred tax liability which is payable in the foreseeable future has been included in reserves. The change has also led to a tax charge for 1977 by £256,000 and that for 1978, £1,000.

Aspects that consumer expenditure reaches the higher levels widely forecast, we would expect to see a further turnover and profits for 1978.

LEET

Latest results

Company	Sales	Profits	Earnings	Div	Pay	Year's
	£m	£m	per share	pence	date	total
Amal Metal (F)	1,051(1,054)	6.12(7.94)	44.4(54.9)	10.8(19.15)	31/5	15.81(14.15)
Babcock & W (F)	556.6(629.9)	32.3(29.7)	22.5(19.3)	2.85(2.7)	—	5.25(2.1)
Henry Boot (F)	70.96(57.41)	2.01(2.53)	17.3(22.3)	6.68(5.72)	—	9.18(8.22)
Carpenter Int (F)	110.7(115.2)	1.32(3.7)	3.2(6.4)	NI(3.2)	30/5	1.65(5.51)
Christies Int (F)	14.8(11.46)	4.17(3.65)	10.46(7.94)	2.27(1.93)	19/5	3.27(2.96)
Danish Bacon (F)	202.6(198.6)	1.71(1.83)	41(43)	3.51(3.14)	8/5	6.64(5.34)
Dunelm-Clay (I)	—	—	—	1.65(1.5)	—	—
Eagle Star (F)	33.3(77.4)	43.5(32.9)	3.12(2.7)	3.12(2.7)	14/7	9.28(8.4)
Empire Stores (F)	2.67(2.18)	6.8(5.4)	12.74(11.5)	2.6(1.8)	14/6	4.32(3.33)
Ferry Pickering (I)	1.27(1.53)	0.42(0.33)	4.75(3.78)	2.25(1.12)	19/5	—
John Fidler (F)	1.47(1.25)	0.90(0.67)	1.74(1.19)	NI(NH)	—	NI(NH)
Fogarty	285.4(243.0)	1.84(1.25)	36.5(21.8)	2.27(2.0)	3/7	8.2(7.4)
Glynwed (F)	—	13.02(14.62)	9.80(11.61)	5.75(4.97)	12/6	—
Gopeng Cons (I)	—	—	—	3.51(3.5)	8/6	10.16(9.18)
Guardian Ry (I)	—	58.6(61.1)	—	5.93(5.2)	3/7	—
Morris Tin (F)	—	—	—	4.5(3.0)	30/5	12(9)
Kalamazoo (I)	9.51(19)	1.27(1.14)	—	0.92(0.82)	22/5	—
Oil Exploration (F)	3.01(2.47)	1.42(1.37)	7.13(6.39)	2.1(1.86)	—	2.1(1.86)
Rhodesia Corp (F)	—	0.68(0.46)	4.5(2.5)	0.56(0.55)	28/5	0.56(0.55)
Richardson S.	35.8(44.3)	—	—	—	—	—
West (F)	—	2.0(2.37)	7.6(9.2)	3.48(3.05)	3/7	4.53(4.1)
Rowan & Pda (F)	8.54(7.62)	0.44(0.4)	14.11(6.94)	0.76(0.67)	3/7	1.31(1.17)
Wilmot Brdn (F)	90.15(83.3)	5.58(6.21)	13.8(14.4)	1.88(1.7)	—	3.08(2.76)
A. Wood (F)	—	0.30(0.19)	—	0.89(0.80)	25/5	0.89(0.8)

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply net dividend by 1.515. Profits are shown pre-tax and earnings are net. A Loss.

SOMERCEC/HAIRLOK Offer on behalf of Somercec for Hairlok has been accepted in respect of 502,000 Hairlok shares (94.72 per cent) and accordingly condition as to acceptances has been satisfied.

HENRY BOOT SETBACK Pre-tax profits for 1977, £2.01m (£2.5m). Turnover £70.9m (£57.4m). Earnings a share 17.3p (£22.3p). In spite of adverse conditions group confident in continuing planned expansion and achieve more satisfactory profits.

FOR PENSION FUNDS

The TES Goes to Work

THE TIMES EDUCATIONAL SUPPLEMENT

A FUND OF ADVICE

Redemption Notice City of Oslo (Norway)

OUTSTANDING 36% INCREASE IN UK NEW BUSINESS

Extracts from the statement of Sir Robert Fairbairn J.P., Chairman, at the Annual General Meeting held in Glasgow on 12th April 1978.



Sir Robert Fairbairn J.P., Chairman

NEW BUSINESS GROWTH

"..... many people found it difficult to take on any new long term savings commitments in 1977 and in view of this poor climate for new business it gives me the greatest pleasure to report that the Society increased its total new yearly premiums by the remarkable figure of 36%. New yearly premiums under individual policies increased by 47%."

FLEXIPENSION

Flexipension has emerged as the most successful new policy we have ever introduced, producing in 1977 new yearly premiums of £3.6 million and new single premiums of £2.9 million."

INVESTMENT 1977

"Of the Society's new investment in the UK in 1977, £32.2 million was invested in Government and other Public Securities, £12.6 million in Ordinary Shares and £6.0 million in Property..... Part of our equity investment was used to increase our USA portfolio when the weakness in Wall Street coupled with the fall in the dollar

premium towards the end of the year made such investment appear attractive."

INVESTMENT PERFORMANCE

"The unit buying price of SCAMPI, the Society's Managed Fund subsidiary, increased by 52.9% during 1977. Comparisons of the investment performance..... show quite clearly that SCAMPI's performance over the last three years is second to none."

Although such comparisons are not directly available for the Society's funds we believe that the investments performance of these funds has been of similar high quality for it is the same team of investment managers which looks after both the Society and SCAMPI. As evidence of the Society's performance in 1977 our equity share portfolio outperformed the FT All-Share Index by the substantial margin of over 10% and this after accounting for the reduction in value of our USA portfolio as a result of the fall in Wall Street."

FISCAL NEUTRALITY

"One of the recommendations of the Meade Report was a plea for fiscal neutrality, i.e. that all forms of saving should be treated alike as far as tax reliefs and incentives are concerned. We would agree with this suggestion but only so long as it resulted in other types of long term saving receiving the same kind of relief as life assurance premiums and subject to the same terms and conditions. We could not accept the idea if it meant that the present tax incentives were to be taken away from life assurance for this could only result in the disruption and probably the curtailment of the flow of money into long term savings, savings which are vital to this country's economy."

RECORD UK NEW BUSINESS

Individual Assurances and Flexipension premiums + 47% on 1976

1975	1976	1977
£m	£m	£m
7.1	8.7	12.8

New Annual Premiums

Group Life and Pensions Business (subject to pay policy restrictions until July) + 13% on 1976

1975	1976	1977
£m	£m	£m
4.0	4.5	5.0

New Annual Premiums

TOTAL NEW PREMIUMS PAID

Total for Society (including business placed in Australia and with Scottish Amicable Pensions Investments Limited)

1975	1976	1977
£m	£m	£m
11.9	13.9	18.6

PREMIUMS EXCEED £79m

The dramatic increase in premiums over the past 25 years reflects a period of sustained growth of sound quality business.

These figures include business placed in Australia and with SCAMPI

4.5 8.4 14.3 20.5

1952 1957 1962 1967 1972 1977

RECORD BONUS DECLARATION

Details of the Bonus Declaration for UK with profits policies for the 3 years ending 31st December 1977 and maturing after 31st March 1978, together with the new interim bonus rates are shown below.

Series	Declared	Interim
Principal*	4.25	4.10 on Sum Assured
	5.25	5.10 on existing bonus
Flexidowment (Second Series) introduced 1975	3.75	3.75 on Sum Assured
		6.00 on existing bonus
Flexipension (First Series) introduced 1976	4.00	4.00 on retirement fund
		6.00 on existing bonus
Superannuation (Second Series) introduced 1977	4.00	4.00 on Sum Assured
		6.00 on existing bonus
Group Policies	4.75	On the benefit secured and not yet payable including past bonus additions still attaching.

*includes all UK policies other than those listed individually.

The summary report will be sent to members. Copies of the full Annual Report and Accounts may be obtained on application.

SCOTTISH AMICABLE

150 St. Vincent Street, Glasgow G2 5NQ.

FINANCIAL NEWS

Growth at Empire Stores still modest

By Our Financial Staff

Only modest growth was looked for in the second half-year at the Empire Stores Bradford, mail order group and this was indeed the case. A combination of lower spending power in the hands of the public, a poor tourist season as far as the group was concerned, combined with less spending on Christmas gifts meant a profit growth of 21 per cent to £4.3m in the second half, compared with a rise of 37 per cent to £2.56m in the first.

Over the year to January 28 as a whole, however, pre-tax profits went up 27 per cent to a record £6.8m, on sales 21 per cent up at £93.3m. With margins rising from 7 per cent to 7.37 per cent.

This outturn was roughly in line with expectations, although a fall in the market left the group's shares 4p down at 157p. Last year's rights issue enables the group to hoist its gross dividend from 5.07p to 7.3p for a yield of 4.6 per cent.

The result compares particularly well with the 3 per cent rise to a profit of £11.7m at Grattan, where there was a big setback in the second half. The other major group, Freemans last week reported a slightly disappointing Christmas but did better than most expected to end the year with a 26 per cent advance to just over £13m before tax.

Mr C. T. Wells, who will be retiring in August, to be succeeded by Mr J. Gratwick, says that sales in the first two months of the current year have been ahead of inflation, and is looking for a satisfactory increase in turnover and profit in 1978. He feels the economic stimulus from the Budget will benefit the group, but not until after July.

Briefly

Better first quarter of British Vita

The indications in the United Kingdom for the first quarter of British Vita's current year showed that performance and profitability had increased over the similar period. This was stated at the annual meeting by Mr Fernley A. Parker, chairman of this polymeric products group.

British Vita is in a strong position and is looking for investment opportunities in this country to strengthen its major operations area. Opportunities will also be taken to expand into other territories where there is an adequate return to the United Kingdom on capital invested.

FEDERATED LAND
Current year has started well with house sales buoyant. Profits for this year will depend on level of interest rates and house sales achieved if mortgage money not freely available.

SCAPA/BURY & MASCO
Proposed merger between Scapa and Bury & Masco is not to be referred to Monopolies Commission.

CHURCH & CO
Although sales in 1978 are ahead of last year board does not feel able to forecast likely trend of profits at this stage.

JOHN FINLAN
Turnover for 1977 £1.27m (£1.54m). Pre-tax profits £32,000 (£73,000). Loss due to reduced turnover and competitive margins. Enquiries and quotations continue at high level and most of these are for larger types of buildings.

ROWAN & BODEN
Turnover for 1977, £8.54m (£7.62m). Pre-tax profit, £450,000 (£408,000). Total gross dividend, 1.99p (1.79p).

ARTHUR WOOD
Pre-tax profits for 1977 £305,000 (£192,000). Dividend 1.36p gross (1.21p).

Downturn in car components hits Wilmot Breedon

By Bryan Appleyard

A £1m downturn in car components profits left Wilmot Breedon's 1977 figure down from £6.2m to £5.7m on an 8 per cent increase in sales from £83.3m to £90.1m.

Car profits fell from £6.6m to £5.6m, petro-chemical and aerospace fell from £849,000 to £410,000, hydraulic rose from £646,000 to £859,000, electronic from a loss of £556,000 to a loss of £268,000 and merchandising from a profit of £164,000 to £139,000.

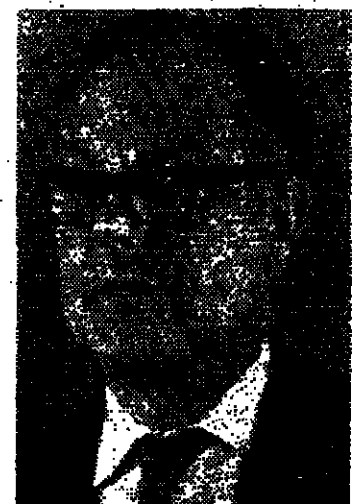
Overall sales volume was down, though in France it was up thanks to an increase of 4 per cent in French car production in contrast to the mass of industrial troubles which held back the British motor industry.

Hydraulics turned in an impressive performance but aerospace was hit by lower demand and industrial trouble while electronics losses included the losses from Ferrograph on its sales in October.

With almost three quarters of the group profits being earned abroad, the strength of sterling cut profits at the pre-tax level by an estimated £250,000.

Overall the year's trading resulted in a cash outflow of £1.9m increasing the ratio of net borrowings to shareholders' funds from 28.8 per cent to 36.5 per cent. The company regards this level as acceptable and does not expect it to rise any further this year.

Currently prospects remain



Mr David Breedon, chairman of Wilmot Breedon.

good in France with the election out of the way and there are still recovery gains to be made in various divisions. But, with 15 per cent of total group sales dependent on British Leyland, a major imponderable remains. The year has not started well in this respect with the problems in TR 7 production at Speke.

Nevertheless, the company is expecting a profits increase and one market estimate suggested profits could reach £6.5m this year.

The shares resisted the Stock Market trend yesterday and closed 4p up at 56p. The total dividends for the year of a 4.67p gross, which are 4.48 times covered, give the shares a yield of 7.1 per cent. They sell at 4.7 times stated earnings.

Richardsons, Westgarth manages £2m pre-tax

Pre-tax profits of Richardson Westgarth fell from £2.73m to £2m last year, reflecting, as forecast at half-time, the departure from the group of George Clark and N.E.M. Ltd, which has been nationalized, and the trading difficulties arising from ship-repairing and steel stockholding. Turnover of this Tyneside engineering group was down from £44.9m to £38.8m. With earnings per share down from 9.2p to 7.6p, a total gross dividend of 6.86p is being paid—the maximum allowed—against last year's 6.24p.

profits up from £658,000 to £975,000, the board estimated that the second six months' figures would not be significantly different.

Thorn buys two US groups for \$12.5m

Thorn Electrical Industries has completed two acquisitions in the United States at a cost of about \$12.5m. Both will form part of the Thorn Industrial Control Engineering Group.

The first, James G. Biddle, is a Philadelphia-based distributor of Thorn electrical measuring instruments, particularly the range of Menger insulation testers, which it has handled since the turn of the century. The other, Tower Hydraulics, an Ohio-based group, has been formed and has bought part of the Speco division of the Kelsey Hayes Corporation which had previously been the Thorn licensee and representative for hydraulic products.

Danish Bacon signs new agreement

Danish Bacon states that a new agency agreement for an initial period of two years with 12 months' notice of change has been signed with E. S. S. Ford. This is in respect of Danish Bacon in its traditional form of Wiltshire sides and which currently accounts for 40 per cent of group turnover. The newly signed agency contract ensures a good supply position for Bacon in the immediate future. However, unless there is a

Recover maintained at Kalamazoo

Kalamazoo Group, the business and office systems organization, has maintained the recovery set in motion this time last year with pre-tax profits for the six months to January 27 rising 11 per cent to £1.27m. The directors point out that Kalamazoo's home trade is subject to strong seasonal influences and unless changes in legislation, like declassification, cause a temporary alteration to the cycle, the second half of the financial year is normally more profitable than the first. All the indications are that this year will be no exception.

BMA jumps to peak £1.47m pre-tax

On turnover up from £18.62m to £26.27m, pre-tax profits of British Midland Airways jumped from £90,000 to £1.47m last year. This is well above anything BMA has achieved before, Mr A. R. G. McGibbon, the chairman, reports. Given "stable stable conditions" in 1978, he expects BMA again to give a good account of itself, even though the 1977 profit is unlikely to be matched. BMA.

Regional Props gets capital injection

By Ray Maughan

The resolution for the injection of long-term capital into Regional Properties has been passed at an extraordinary general meeting without opposition. The group, headed by Mr Nevill Coural, will therefore issue £8m 8p per cent convertible mortgage debenture stock 1987-90 to Friends' Provident Life Office and lifts its authorized capital by £2m to £8.1m.

The stock is secured through a second legal charge against their House, Minnowes, EC3, and will rank after the Bank of Scotland's first charge of £7.5m. After Friends' Provident's equity purchases (which include 261,662 ordinary from a Regional director at 100p per share against the current market price of 82p), conversion of the stock into shares, the life office will control 36.34 per cent of the votes. The Takeover Panel has agreed that a general offer for the outstanding shares will not be required.

Friends' final stake has been computed without reference to the compensation which will be offered to ordinary shareholders for the loss of their exclusive voting rights after enfranchisement.

Questioned closely about current portfolio values by the representative of one shareholder, the chairman declined to answer specific inquiries as to the value of the House but said that he had an "approximate idea of the tone of the current valuation" of all Regional's non-residential properties and intimated that net assets disclosed in the accounts for the year to end-March last would show an uplift of between 10-15 per cent.

Christies Int margin slip continues

By Tony May

The first-half slip in margins at Christies International continued into the second half. Turnover in the past six months went up 27 per cent to £7.3m, but pre-tax profits managed a rise of only 15 per cent to £2.2m.

For the whole of 1977, the swing in exchange rates cut profits from this source from £282,000 to £63,000 leaving this fine art auctioneer with a 14 per cent rise in profit to a record £4.1m before tax, on turnover 30 per cent up at £14.8m. This gives margins of 28 per cent to 49p per cent, a yield of 5.9 per cent. This compares with 5.2 per cent at Sotheby Parke Bernet, which is much the bigger group, but which made a smaller return on its turnover.

Taken as a whole, the board

sees the past year as a consolidation, and is in line with the successful launch of the New York sale. The United States venture produced sales of £9m, revenue of about £1.5m, did not cover costs at this stage. However, the quarter of the year as operation well in profit, a board hopes that it will cover costs by the end of the year. Also, two sales in January and February set up last year's results.

The board is pleased to manage a new record for the cost of entering the market, and the group's so far this year will buoyancy of the international art market, and all the factors to rule immediately are encouraging.

C & G attacks loan restriction

An attack on the Government's restriction on mortgage lending came yesterday from Mr Charles Jessop, chairman of the Cheekham & Gloucester Building Society, who said: "It seems particularly deplorable at a time when there are ample funds to lend, that building societies should be artificially restrained from carrying out the purpose of their existence."

The society's managing director is Mr Ralph Stow, the present chairman of the Building Societies Association. Last year the Cheekham & Gloucester lent a record £87.8m, while its assets increased by more than £100m to £305m, a record growth rate which is higher than the movement's average.

Good outlook for BTR

Shareholders in BTR, in the 1977 annual report prospects remain "bright" for the United Kingdom and United States, in which BTR continues rewarding investment, where, say Sir David Green, managing director, and Mr Green, managing director, expected to contribute "invigorating growth" to become the backbone company.

ROYAL BANK SCOTLAND
Royal Bank of Scotland applied to open agency franchise. If successful, will offer international services including trade loans in United States and of British companies and United States multinationals.

Guardian Royal Exchange Assurance Limited RESULTS FOR 1977

Preliminary Profit Statement
The audited accounts for the year ended 31st December, 1977 will be posted to shareholders on the 10th May, 1978.
Subject to audit the results for the year are as follows:

	1977	1976
Investment Income	£m	£m
Less Interest Payable	65.3	58.1
	6.4	6.1
	58.9	51.2
Underwriting Results		
Short-term (Fire, Accident and Marine)	(6.5)	3.8
Long-term	6.5	5.5
	(0.1)	9.3
Profit before taxation	58.8	61.1
Less Taxation	28.4	28.2
Profit for year after taxation	30.4	32.9
Less Preference dividend and Minority Interests	1.9	1.4
Profit for year after taxation available to Ordinary shareholders	28.5	31.5
Ordinary Dividends		
Interim	4.235p per share	5.3
Proposed Final	5.93045p per share	7.5
Total	10.16545p per share (1976: 9.1820p)	12.8
Profit transferred to Retained Profits	£15.7m	£19.0m
Earnings per Ordinary share (after taxation)	22.7p	24.0p
Results by Territories (before Taxation)	1977	1976
	Premiums* Underwriting Investment Income	Premiums* Underwriting Investment Income
	£m £m £m	£m £m £m
Australia	23.1 3.7 3.4	22.4 3.7 2.1
Canada	59.1 (0.4) 4.4	58.8 0.2 4.1
Germany	119.3 (5.7) 12.0	110.2 (6.8) 10.1
U.K.**	209.2 (6.6)	187.4 4.4
Miscellaneous including Republic of Ireland and Reinsurance	180.8 2.4 38.1	181.9 2.3 34.1
	581.5 (6.5) 58.9	560.7 3.8 51.1

* Net of Reinsurance
** Includes Mexico and Overseas risks written in the United Kingdom

*Net of Reinsurance
**Includes Marine and Overseas risks written in the United Kingdom

Our results for 1977 have reflected a continuation of the profits on much overseas business offset by poor performances in Germany and Holland. We suffered an overall loss on our U.K. underwriting mainly caused by increase in the incidence of claims on our large Motor underwriting and poor trade on our Accident account; the Fire profit was sharply reduced mainly due to Firemen's strike. Marine and Aviation underwriting overseas made a useful and we received the customary valuable contribution from our large Life divisions.

General
One of the largest contributory factors in the overall results was the decline in the value of sterling in 1977 which, by comparison with the 1976 figure, reduced short-term premium income by £30m and investment income by £3.9m. The contribution to profit for the year after taxation available to Ordinary shareholders has benefited to the extent of £1.1m from subsidiary companies which will not in future be consolidated owing to the elimination of controlling interest.

Dividend
The Directors recommend the payment of a final dividend which, with interim payment made in January 1978, will constitute the total distribution permitted under current legislation.

If approved at the Annual General Meeting to be held on 7th June, 1978, payment at the rate of 5.3045p per share (gross equivalent 4.985p) respect of the final dividend will be made on 8th June to holders of Ordinary shares whose names appear on the register at 28th April, 1978, making the interim payment in January last, a total of 10.6045p (1976: 9.1820p) per share (gross equivalent 15.4022p; 1976: 14.002p).

Guardian
Royal Exchange
Assurance
Royal Exchange, London EC3V 3LS

BANQUE WORMS

Summary of Balance Sheet as at December 31st, 1977 from accounts submitted to the shareholders' meeting, to be held today, April 13th, 1978.

Assets	FF '000	Liabilities	FF '000
Due from banks, money market, treasury bills and other short term assets	4,594,366	Deposits	9,281,183
Advances to customers	4,880,989	Liability for acceptances	341,581
Customers' acceptances	341,581	Other liabilities inc. accruals, sundry creditors	1,184,163
Other assets inc. accruals, sundry debtors	998,785	Long term debt	95,544
Investments	502,819	Capital	205,368
Fixed assets	48,365	Reserves and retained surplus	187,915
		Net profit for the year after taxation	71,151
	11,366,905		11,366,905

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'Consistency' and 'fine margin error' in Budget proposals

Ray Manghan

Latest
date of
return

GNIB ISSUES : : : : :
Bank Aust. \$A1 75 04 Mar 10 130

price in parentheses. * Ex dividend.
issued by tender, c Nil paid. a 418 paid. b 130
paid. c 135 paid. d 290 paid. e 135 paid. f Fully
paid. \$A1 paid. b 255 paid. i 245 paid.
No paid.

3rd March 1978

Copies of the Report & Accounts are available on request from the Head Office,
The Scottish Provident Institution, 6 St. Andrew Square, Edinburgh EH2 2YA.

EMPIRE STORES

Motoring

Renault seeks to replace very taste

Renault 18, which goes on sale today, is not, I have to say, a replacement for the Renault 12. It is a very different car, and it is very different from the Renault 12 in many ways. The 18 is a car that is designed to replace the Renault 12 in the Renault range. It is a car that is designed to be a replacement for the Renault 12 in the Renault range. It is a car that is designed to be a replacement for the Renault 12 in the Renault range.



Three-box design: the Renault 18 in its top GTS version.

The 18 shares many of the components of the 12, is an inch or two—same as the 12 but unlike any other model, is a conventional Renault and not a hatchback. It is a car that is designed to be a replacement for the Renault 12 in the Renault range. It is a car that is designed to be a replacement for the Renault 12 in the Renault range.

advantage is a very comprehensive coverage of the market (see Renault's hopes). The other benefit is the 18 is a car that is designed to be a replacement for the Renault 12 in the Renault range. It is a car that is designed to be a replacement for the Renault 12 in the Renault range.

with Ford's policy of the minimum number of models—currently five to six years to change them. Renault has a policy of changing them every two years. Renault has a policy of changing them every two years.

the 18 is the body of the Renault 12. The 18 is the body of the Renault 12. The 18 is the body of the Renault 12. The 18 is the body of the Renault 12. The 18 is the body of the Renault 12.

the 18 is a bubble and making use of rearview mirrors. The 18 is a bubble and making use of rearview mirrors. The 18 is a bubble and making use of rearview mirrors. The 18 is a bubble and making use of rearview mirrors.

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and the 1647 from the 16 TX and 17. The four-speed gearbox and automatic are from the 12, the five-speed also from the 16 TX and 17. The suspension is Renault 20 at front and has the 12's live axle arrangement at the back.

The 12 is said to be the most profitable model Renault makes and the 18's extensive use of existing parts should not leave it far behind. It is a car that is designed to be a replacement for the Renault 12 in the Renault range. It is a car that is designed to be a replacement for the Renault 12 in the Renault range.

The boot is deep but has a high lip and is not as big as the 12's. Nor did the 18 seem to be as roomy, either for head or legs, in the back, though it is a full five-seater. The instrument panel, for some reason, seems to be angled away from the driver instead of at him.

The 18 will arrive in Britain next January and will cost at today's prices between £3,000 and £4,500. The 12, now selling at £2,550 to £3,300, could even benefit from the new car by appearing to offer much the same things at a lower price. But Renault has high hopes of the 18 and plans to sell 20,000 here next year or about a quarter of its total. There is no estate version of the 18 yet.

Tyre pressures
My worst suspicions about some tyre fitters have just been confirmed by a comprehensive survey just carried out by *Motoring* magazine (Robert Parker writes).

The survey finds that of 600 manufacturers of garages and tyre fitters interviewed "an alarming number did not

know enough of the details to ensure they always fitted the right tyre". The problem appears to relate to coded information on the side of the tyre. Although most tyre give a great deal of important information, in code, much of it cannot be understood by fitters.

Not to be too alarmists, the *Motoring* magazine survey does say that most fitters did know the main rules to observe. The magazine suggests, wisely, one feels that the best solution would be to put the information in ordinary language, not code.

But this is not to be: new legislation, under the Type Approval scheme, which should come into force on April 1 but has not been put off until August 1, specifies new codes, additions to the dozen or so that exist at the moment.

Very helpfully, the magazine gives a guide to the codes. It takes as an example a Goodyear G800-570 tyre, which has on the outer rim of the tyre: "Steel Belted 175/70SR13 Radial". The G800-570 is simply the model number.

The 175 refers to the width of the tyre in millimetres. (On cross-ply tyres the width may be quoted in inches.) The 70 refers to the aspect ratio of the tyre, a technical term often not included in codes, which the average driver does not really need to know.

The SR is the speed and construction code. S indicates that the maximum speed is 113 mph. If the letters HR were on the tyre, it means it can be used up to 130 mph. VR stands for 130 mph. This lettering applies only to radial tyres, this being denoted by the letter R in SR.

On cross-ply tyres, the same letters are used to denote speeds, but each letter represents a different speed from radials. V stands for over 125 mph. H for 125 mph, S for 110 mph. No mark in this position on a cross ply indicates a maximum speed of 95 mph.

These letters are all to be changed by the new code. The new code, which there will be 10 in all. The 13 in 70SR13 is the nominal rim diameter in inches of the wheel for which the tyre is suitable.

Peter Waymark

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1977 (S) Daimler Sovereign 4.2, Carriage brown, champagne hide, black cloth roof, radio, 11,000 miles. £8,750.
1977 Jaguar XJ 4.2, Fern grey-olive hide, black vinyl roof, radio, 14,000 miles. £8,750.
1978 (J) Jaguar 5.3 Saloon, Fuel injection, automatic, air conditioning, radio, stereo, chrome wheels in white with alloy wheels, 1,000 miles only. £27,500.
1978 (M) Daimler Sovereign 4.2, Regency roof, beige hide, black vinyl roof, chrome body mouldings, radio, carrying 21,000 miles. £27,500.

USED ROVERS
1978 Rover 3500, Manual, 5-speed, electric windows, radio, cassette, Taurus Caviar trim, second year Super Rover. £20,000.
1978 Rover 3500, Auto, pas, electric windows and aerial, tinted glass, chrome wheels, alloy wheels, 1,000 miles only. £26,975.
1978 Rover 3500, Auto, pas, Brazilie/condenser trim. Under 1,000 miles. £26,975.
1977 Rover 3500, Auto, electric windows, radio, Brazilie/condenser trim. 11,000 miles. £26,975.
1977 Rover 3500, Auto, electric windows, Caribbea blue/condenser trim. 10,000 miles. £26,975.

MISCELLANEOUS
1978 VW Scirocco GTS, Auto, electric windows and sun roof, stereo, dark metallic grey, black trim. 3,000 miles. £4,495.
1977 November/December 2000 H.L.S. Auto, pas, radio, Tally-ho, black vinyl roof. 1,000 miles. £4,495.
1977 Renault 20 T.L. Metallic green, tan trim, radio, cassette, 10,000 miles. £4,495.
1977 Fiat Fiesta 1000 L, Metallic black, black trim, full 7-year body protection. Delivery mileage only. £2,295.

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1977 (S) Peugeot 508 GLE, Met. blue. Radio. £3,700.
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1977 (R) Peugeot 504 T.L. Met. brown/leather. £4,050.
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1972. Green. Impmaculate. 30,000 miles. 12V. 1000 cc. 1100 cc. 1300 cc. 1600 cc. 1800 cc. 2000 cc. 2400 cc. 2600 cc. 2800 cc. 3000 cc. 3200 cc. 3400 cc. 3600 cc. 3800 cc. 4000 cc. 4200 cc. 4400 cc. 4600 cc. 4800 cc. 5000 cc. 5200 cc. 5400 cc. 5600 cc. 5800 cc. 6000 cc. 6200 cc. 6400 cc. 6600 cc. 6800 cc. 7000 cc. 7200 cc. 7400 cc. 7600 cc. 7800 cc. 8000 cc. 8200 cc. 8400 cc. 8600 cc. 8800 cc. 9000 cc. 9200 cc. 9400 cc. 9600 cc. 9800 cc. 10000 cc.

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MOTOR CARS ALSO APPEARS ON PAGE 15

